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9 Debtor and Debtor in Possession

10 **UNITED STATES BANKRUPTCY COURT**  
11 **CENTRAL DISTRICT OF CALIFORNIA**  
12 **[SANTA ANA DIVISION]**

13 In re )  
14 )  
15 )  
16 **STORY BUILDING LLC,** )  
17 )  
18 Debtor and Debtor in Possession. )

CASE NO.: 8:10-bk-16614-ES

Chapter 11

**SECOND AMENDED DISCLOSURE  
STATEMENT DESCRIBING THIRD  
AMENDED PLAN OF  
REORGANIZATION PROPOSED BY  
DEBTOR, STORY BUILDING LLC**

**[FINAL REDLINE VERSION]**

**Disclosure Statement Hearing held on:**

Date: January 29, 2013  
Time: 10:30 a.m.  
Ctrm: 5A

**Plan Confirmation Hearing to be held on:**

Date: March 27, 2013  
Time: 10:00 a.m.  
Ctrm: 5A  
411 W. Fourth Street  
Santa Ana, CA 92701

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I.

**DEFINITIONS AND RULES OF CONSTRUCTION**

**A. DEFINITIONS**

In addition to the definitions set forth in the Disclosure Statement and Plan, the following definitions will apply with respect to the Plan and the Disclosure Statement:

“**Administrative Bar Date**” shall have the meaning set forth in Section III of the Plan.

“**Administrative Claims or Administrative Expenses**” shall mean Claims for costs or expenses of administering the Debtor’s Chapter 11 Case which are Allowed under Bankruptcy Code §§ 503 (b) and 507(a) (1).

“**Administrative Claims Funding Amount**” shall have the meaning set forth in Section III.B.1 of the Plan.

“**Allowed**” means, when used in respect of a Claim or an Interest or group of Claims or Interests, the following:

(a) if no proof of Claim or Interest has been timely filed, such amount of the Claim or Interest or group of Claims or Interests which has been scheduled by the Debtor as liquidated in amount and not disputed or contingent and as to which no party in interest has filed an objection within the time required under the Plan or otherwise fixed by the Bankruptcy Court and which Claim or Interest is not disallowed under Bankruptcy Code § 502 (d) or (e); or

(b) if a proof of Claim or Interest has been filed by the applicable bar date or is deemed timely filed by the Bankruptcy Court, such amount of the Claim or Interest or group Claims or Interests as to which any party in interest has not filed an objection within the time required under the Plan or otherwise fixed by the Bankruptcy Court and which Claim or Interest is not disallowed under Bankruptcy Code § Section 502 (d) or (e); or

(c) such amount of the Claim or Interest or group of Claims or Interests which is allowed by a Final Order of the Bankruptcy Court.

“**Allowed Claim**” or “**Allowed Interest**” means a Claim or Interest that is Allowed.

“**AQMD**” means the Air Quality Management District.

“**Assumed Contract Schedule**” shall have the meaning set forth in Article IV.

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1           “**Avoidance Actions**” means the causes of action held by the Debtor or the Estate that arise out  
2 of Bankruptcy Code sections 510, 542, 544, 547, 548, 549, 550, 551, and 553.

3           “**Ballot(s)**” means the ballot to vote to accept or reject the Plan.

4           “**Ballot Deadline**” means the deadline established by the Bankruptcy Court for the delivery of  
5 executed Ballots to the Ballot Tabulator.

6           “**Bankruptcy Code**” means the Bankruptcy Code, as codified in Title 11 of the United States  
7 Code, 11 U.S.C. Section 101 et seq., including all amendments thereto; to the extent such amendments  
8 are applicable to the Case.

9           “**Bankruptcy Court**” means the United States Bankruptcy Court for the Central District of  
10 California, Santa Anna Division, or any other court that exercises jurisdiction over the Case.

11           “**Bankruptcy Proceeding**” mean the Chapter 11 proceeding commenced by the Debtor by  
12 voluntary petition and entitled *In re Story Building, LLC*, Case No. 8:10-bk-16614-ES, United States  
13 Bankruptcy Court, Central District of California.

14           “**Blackhawk**” means Blackhawk Security Services.

15           “**Biggs & Co**” means Biggs & Company, accountants for the Debtor.

16           “**Business Day**” means any day other than a Saturday, Sunday or a legal holiday (as defined in  
17 the FRBP 9006 (a)).

18           “**Case**” means the case under Chapter 11 of the Bankruptcy Code commenced by the Debtor  
19 on May 17, 2010, and bearing Case No. 10-bk-16614-ES

20           “**Cash**” means cash or cash equivalents, including, but not limited to, bank deposits, checks or  
21 other similar items.

22           “**Claim**” means a) right to payment, whether or not such right is reduced to judgment,  
23 liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable,  
24 secured or unsecured, or (b) right to an equitable remedy for breach of performance if such breach  
25 gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to  
26 judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

27           “**Class**” means a class of Claims or Interests described in the Plan.  
28

1           “**Class 1A Interest Payments**” means monthly payments of interest only to be made to the  
2 Holder of the Allowed Secured Claim in Class 1A at the non-default rate specified in the Wells Note  
3 (or such other appropriate rate as determined by the Bankruptcy Court, calculated on a per diem basis.

4           “**Classified Priority Claim(s)**” means an Allowed Claim entitled to priority against the Estate  
5 under Bankruptcy Code §§ 507(a)(1), 507(a)(4), 507(a)(5) and/or 507(a)(7), excluding any such  
6 claims incurred after the Petition Date.

7           “**CMKF**” means Creim Macias Koenig & Frey LLP, reorganization counsel to the Debtor.

8           “**Confirmation**” means the entry of the Confirmation Order.

9           “**Confirmation Date**” means the date upon which the Bankruptcy Court enters the  
10 Confirmation Order.

11           “**Confirmation Hearing Date**” shall mean the date on which the Bankruptcy Court held a  
12 hearing on Confirmation of the Plan.

13           “**Confirmation Order**” means the order of the Bankruptcy Court confirming the Plan pursuant  
14 to Bankruptcy Code § 1129.

15           “**Contracts**” means all agreements and contracts to which the Debtor is a party.

16           “**Court**” means the Bankruptcy Court.

17           “**Creditor**” means the Holder of a Claim against the Debtor.

18           “**Current Special Servicer**” means Torchlight Loan Services, LLC, the current special  
19 servicer of the Wells Loan Documents on behalf of Wells.

20           “**Debtor**” means Story Building LLC, the Debtor in this Case.

21           “**Debtor’s Counsel**” mean CMKF.

22           “**Deposit Account**” shall have the meaning set forth in the treatment of Class 1A.

23           “**Deposit Bank**” shall have the meaning set forth in the treatment of Class 1A.

24           “**Disallowed Claim**” means a Claim, or any portion thereof, that: (a) is not listed on the  
25 Debtor’s Schedules, or is listed therein as contingent, unliquidated, disputed, or in an amount equal to  
26 zero, and whose Holder has failed to timely File a proof of Claim; or (b) the Bankruptcy Court has  
27 disallowed pursuant to order of the Bankruptcy Court.  
28

1           “**Disbursing Agent**” means the Person responsible for making all Distributions provided under  
2 the Plan.

3           “**Discharged Claim**” shall have the meaning set forth in Section IX.B of the Plan.

4           “**Disclosure Statement**” shall mean the *Second Amended Disclosure Statement Describing*  
5 *Third Amended Plan of Reorganization Proposed by Debtor, Story Building LLC*, and any and all  
6 amendments, modifications and exhibits thereto.

7           “**Disputed Claim**” or “**Disputed Interest**” means a Claim or Interest as to which a proof of  
8 Claim is filed or is deemed filed under FRBP 3003(b)(1) or a proof of Interest was filed or deemed  
9 filed under FRBP 3003(b)(2); and

- 10           1. An objection: (a) has been timely filed; and (b) has not been denied by a  
11 Final Order or withdrawn; or
- 12           2. That Claim or Interest is listed on the Debtor’s Schedules as disputed,  
13 contingent or unliquidated.

14           “**Disputed Claims Escrow**” shall have the meaning set forth in Section III.D.3 of the Plan.

15           “**Distribution(s)**” means any transfer under the Plan of Cash or other property to a Holder of  
16 an Administrative Claim, a Holder of an Allowed Claim, or a Holder of an Interest.

17           “**Effective Date**” means a date set by the Debtor, which date shall be within thirty (30) days  
18 after the Confirmation Order becomes a Final Order.

19           “**Estate**” means the estate in the Debtor’s Case created pursuant to Bankruptcy Code § 541(a).

20           “**Estimated Plumbing/AQMD Renovation Costs**” means the estimated costs to bring the  
21 Story Building into compliance pursuant to the notices of non-compliance issued by the City of Los  
22 Angeles, including for installation of conforming fire doors, and F-1 manufacturing compliance items,  
23 such as plumbing renovations.

24           “**Exhibit Filing Date**” means the date that is a Business Day that is at least 14 days prior to the  
25 date of the Confirmation Hearing. Exhibits to be filed are the Assumed Contract Schedule and the  
26 Rejection Schedule.

27           “**Extended Wells Maturity Date**” means collectively the First Extended Wells Maturity Date  
28 and Second Extended Wells Maturity Date.

1           **“Falcon”** means Falcon Investment & Trades LLC, an entity in which the Debtor’s current  
2 manager, Mr. Mosaddegh, hold an interest.

3           **“Final Order”** means an order, decree or judgment of a court, the operation or effect of which  
4 has not been reversed, stayed, modified or amended, and as to which order, decree or judgment (or any  
5 revision, modification or amendment thereof), the time to appeal or seek review or rehearing has  
6 expired and as to which no appeal or petition for review or rehearing has been taken or is pending.

7           **“Final Principal Reduction Payment”** means a payment, if required, made by Gholam Ali  
8 Safari prior to the Second Extended Wells Maturity Date, in such amount as is reasonably necessary to  
9 reduce the loan to value ratio of the Story Building Property to such level as is required to fund the  
10 Takeout Loan.

11           **“First Extended Wells Maturity Date”** means December 31, 2016.

12           **“First Extension Fee”** means the non-refundable sum of 0.50% (one half of one percent) of  
13 the unpaid principal balance as of 4 p.m. (Pacific Time) on October 31, 2015, which fee is required to  
14 be paid prior to 4 p.m. (Pacific Time) on December 31, 2015 to the Current Special Servicer (or then  
15 acting special servicer of the Wells Loan Documents) as a condition of the First Extended Wells  
16 Maturity Date and, which fee may be paid from any source, including, without limitation, the New  
17 Value Contribution or Net Operating Income (excluding such Net Rental Income derived after the  
18 Effective Date and designated by the Reorganized Debtor to be used for the Wells Advance  
19 Reimbursement).

20           **“FRBP”** means the Federal Rules of Bankruptcy Procedure as now in effect or hereafter  
21 amended and applicable to the Case.

22           **“General Unsecured Claim”** means a Claim that is not an Administrative Claim, a Wells  
23 Claim, a Priority Claim, a Priority Tax Claim, a Secured Claim, a Secured Tax Claim, or an Other  
24 Secured Claim.

25           **“General Unsecured Creditor”** or **“General Unsecured Claimant”** means the Holder of a  
26 General Unsecured Claim.

27           **“Gholam Ali Safari”** means Gholam Ali Safari, the father of Safari, and the proposed New  
28 Value Contributor.

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1           “**Holder**” means the Holder of a Claim against or Interest in the Debtor.

2           “**Insider**” means all Persons who are "insiders" as that term is defined in Bankruptcy Code §  
3 101 (31).

4           “**Interest**” means any equity security of Debtor as defined in Bankruptcy Code § 101 (16).

5           “**IRS**” means the Internal Revenue Service.

6           “**ITR**” means the Iranian Transactions Regulations contained in Title 31 of the Code of Federal  
7 Regulations, 31 C.F.R. § 560 et seq.

8           “**LBR**” means the Local Bankruptcy Rules of the United States Bankruptcy Court for the  
9 Central District of California, including all amendments thereto; to the extent such amendments are  
10 applicable to the Case.

11           “**Liftech**” means Liftech Elevator Services Inc.

12           “**Liftech Avoidance Action**” means that certain adversary proceeding filed by the Debtor  
13 against Liftech in the Bankruptcy Court bearing adversary case number 12-01248-ES.

14           “**Liftech Reserve Account**” means a segregated deposit account opened on or before the  
15 Effective Date by the Debtor, and maintained after the Effective Date by the Reorganized Debtor, into  
16 which any and all payments due to Liftech pursuant to the Plan shall be deposited until entry of a Final  
17 Order Allowing the particular Claim on account of which such payments have been segregated.

18           “**Liquidation Value**” means the aggregate dollar amount found by the Bankruptcy Court  
19 (calculated without consideration of (a) Cash Collateral; or, (b) Rights of Action), which is equal to  
20 the lowest dollar amount necessary to fund payment to a Class in the manner provided under the Plan  
21 so that each Holder of an Allowed Claim would receive or retain property with a value as of the  
22 Effective Date at least equal to the amount such Holder would receive if the Debtor were liquidated  
23 under chapter 7 of the Bankruptcy Code on the Effective Date.

24           “**Material Default**” means the Reorganized Debtor’s: (1) failure to timely (and after any  
25 applicable grace period) (a) pay the Class 1A Interest Payments, (b) pay the Wells Final Payment, (c)  
26 pay real property tax installments due after the Effective Date, (d) pay real estate insurance premiums  
27 when due, which failure results in a lapse in insurance coverage, (e) pay two consecutive quarterly  
28 installments for the Tax/Insurance Impound, or (f) pay two quarterly installments for the Replacement

1 Reserve Impound; (2) entry of a Final Order revoking the Confirmation Order; (3) unauthorized/non-  
2 permitted transfer in violation of the Wells Loan Documents (as modified by the Plan) of (a) the  
3 ownership interest in the Reorganized Debtor , or (b) title (whether partial or whole) to the Story  
4 Building Property; or, (4) the recordation after the Effective Date of a further encumbrance or lien  
5 against the Story Building Property in violation of the Wells Loan Documents (as modified by the  
6 Plan), and which unauthorized lien or encumbrance has not been removed within 90 days after receipt  
7 of notice of recordation by the Reorganized Debtor.

8 “**Net Rental Income**” means rents and other income derived from the Story Building Property  
9 and actually collected, including CAM charges and any other amounts billed to tenants, less operating  
10 expenses (including the Class 1A Interest Payments) (but excluding non-cash items, including, without  
11 limitation, depreciation), and less the Reserve Amount.

12 “**New Value Contribution**” means the New Value Deposit and a commitment for  
13 contributions on or after the Effective Date by the New Value Contributor used to fund operating  
14 expenses (including, without limitation property tax payments and debt service) and/or payments  
15 under the Plan.

16 “**New Value Contribution Agreement**” means the written agreement between the New Value  
17 Contributor and the Reorganized Debtor, which shall be executed and delivered to the Reorganized  
18 Debtor on or before the Effective Date, obligating the New Value Contributor to make the New Value  
19 Contribution in such amounts as is necessary to fund the Plan in substantially the form of Exhibit “8”  
20 or as modified with the consent of the New Value Contributor as reasonably required or necessary in  
21 order to achieve Confirmation of the Plan.

22 “**New Value Contributor**” means the person that makes the New Value Contribution.

23 “**New Value Deposit**” means a good faith deposit of at least \$350,000 (or such greater amount  
24 required by the Bankruptcy Court) to be made into a segregated Debtor in Possession account on or  
25 before Confirmation to be used toward the funding of the New Value Contribution.

26 “**OFAC**” means the Office of Foreign Asset Control of the United States Department of  
27 Treasury.

28



1           **“Other Secured Claim”** means any Secured Claims that are not otherwise expressly classified  
2 under the Plan.

3           **“Person”** shall mean any individual or entity.

4           **“Personal Property”** means all property owned by the Debtor now or hereafter which under  
5 applicable law is not real property, and includes all tangible and intangible personal property.

6           **“Petition Date”** means May 17, 2010.

7           **“Plan”** means the *Third Amended Plan of Reorganization Proposed by Debtor, Story Building,*  
8 *LLC* filed by the Debtor, and any and all amendments, modifications and exhibits thereto.

9           **“Plan Default”** shall have the meaning set forth in Section IX of the Plan.

10          **“Plan Proponent”** means the Debtor.

11          **“POC”** means Proof of Claim or Proof of Interest filed in the Case.

12          **“Priority Claim(s)”** means an Allowed Claim entitled to priority against the Estate under  
13 Bankruptcy Code §§ 507(a)(1) through 507(a)(8), excluding any such claims incurred after the  
14 Petition Date.

15          **“Priority Tax Claim(s)”** means certain unsecured tax claims based on income, employment  
16 and other taxes described by Bankruptcy Code § 507(a)(8), excluding any such claims incurred after  
17 the Petition Date.

18          **“Priority Tax Claims Funding Amount”** shall have the meaning set forth it Section III of the  
19 Plan.

20          **“Pro Rata”** means with respect to a particular Class of Claims or Interests, the ratio that the  
21 amount of a particular Allowed Claim or Allowed Interest in the Class bears to the total amount of  
22 Allowed Claims or Allowed Interests in the Class.

23          **“Professional Fee Claim”** means a claim under Bankruptcy Code §§ 327, 328, 330, 331, 503,  
24 or 1103 for compensation for professional services rendered or expenses incurred for which the Estate  
25 is liable for payment.

26          **“Rejection Schedule”** shall have the meaning set forth in Article IV.

27          **“Release Procedures”** shall have the meaning set forth in Article III, Section D.7.

1           **“Reorganized Debtor”** means the Debtor on and after the Effective Date, after giving effect to  
2 the Plan.

3           **“Replacement Reserve Impound”** shall have the meaning set forth in the treatment of Class  
4 1A.

5           **“Reserve Amount”** means a reserve in the total amount of \$50,000, to be funded from the Net  
6 Rental Income (after payment of the Class 1A Interest Payments) immediately after the Effective  
7 Date, which, once funded, shall not be replenished from any income, rents, proceeds, profits, or Net  
8 Rental Income from the Story Building Property, unless as may be agreed upon by Wells in its sole  
9 and absolute discretion, in writing.

10           **“Rights of Action”** means any and all claims, demands, rights, actions, causes of action and  
11 suits of the Debtor's Estate, of any kind, nature or character whatsoever, known or unknown, suspected  
12 or unsuspected, whether arising prior to, on or after the Petition Date, in contract or in tort, at law or in  
13 equity or under any other theory of law, including but not limited to (1) rights of setoff, counterclaim  
14 or recoupment, and claims on contracts or for breaches of duties imposed by law, (2) the right to  
15 object to Claims or Interests, (3) claims pursuant to Bankruptcy Code § 362, (4) such claims and  
16 defenses as fraud, mistake, duress, usury, and (5) all avoiding powers, rights to seek subordination and  
17 all rights and remedies under Bankruptcy Code §§ 502(d), 506, 510, 542, 544, 545, 547, 548, 549,  
18 550, 551, 552 or 553 or any fraudulent conveyance, fraudulent transfer, or preference laws.

19           **“Safari”** means Mehrdad Safari.

20           **“Safari Bankruptcy Case”** means the voluntary bankruptcy under Chapter 11 of the  
21 Bankruptcy Code commenced by Safari on December 6, 2011, and bearing Case No. 11-bk-26743-  
22 TA.

23           **“Second Extended Wells Maturity Date”** means December 31, 2017.

24           **“Second Extension Fee”** means the non-refundable sum of 0.50% (one half of one percent) of  
25 the unpaid principal balance as of 4 p.m. (Pacific Time) on October 31, 2016, which fee is required to  
26 be paid prior to 4 p.m. (Pacific Time) on December 31, 2016 to the Current Special Servicer (or then  
27 acting special servicer of the Wells Loan Documents) as a condition of the Second Extended Wells  
28 Maturity Date and, which fee may be paid from any source, including, without limitation, the New

1 Value Contribution or Net Rental Income (excluding such Net Rental Income derived after the  
2 Effective Date and designated by the Reorganized Debtor to be used for the Wells Advance  
3 Reimbursement).

4 “**Secured Claim**” means a Claim, including a Secured Tax Claim, which is secured by a lien  
5 on the Debtor’s property, including the Story Building Property. A claim is a Secured Claim only to  
6 the extent of the value of the claimholder’s interest in the collateral or to the extent of the amount  
7 subject to setoff, whichever is applicable, and as determined under Bankruptcy Code §506(a).

8 “**Secured Tax Claim**” mean a governmental unit’s Secured Claim for unpaid taxes arising  
9 before the Petition Date.

10 “**Story Building**” means Story Building LLC, Debtor and Debtor in Possession.

11 “**Story Building Property**” shall mean the building located in Downtown, Los Angeles,  
12 known as the Walter P. Story Building, located at 610 S. Broadway, owned and operated by the  
13 Debtor, and legally described in *Exhibit “I”* attached to the Disclosure Statement.

14 “**Takeout Lender**” means the individual or entity making the Takeout Loan.

15 “**Takeout Loan Guaranty**” means the personal guaranty of Gholam Ali Safari of the Takeout  
16 Loan if required by the Takeout Lender as a condition of closing of the Takeout Loan.

17 “**Takeout Loan**” means an new loan secured by the Story Building Property and personal  
18 property prior to the Second Extended Wells Maturity Date, in at least such amount as is required to  
19 pay in full the balance of the Secured Claim of Wells.

20 “**Tax/Insurance Impound**” shall have the meaning set forth in the treatment of Class 1A.

21 “**TI Account**” means a segregated account maintained and controlled by the Debtor during the  
22 term of the Plan, the proceeds of which will be used for purposes making tenant improvements to the  
23 Story Building Property and for payment of leasing commissions.

24 “**Unclassified Priority Claim(s)**” means an Allowed Claim entitled to priority against the  
25 Estate under Bankruptcy Code §§ 507(a)(2), 507(a)(3) and/or 507(a)(8), excluding any such claims  
26 incurred after the Petition Date.

27 “**UST**” means the Office of the United States Trustee for the Central District of California.

28 “**UST Fees**” means fees or charges assessed against the Estate pursuant to 28 U.S.C. § 1930.

1 “USV” shall mean US Volt.

2 “Wells” means Wells Fargo Bank, N.A., a National Banking Association, as Trustee for the  
3 Registered Holders of J.P. Morgan Chase Commercial Mortgage Securities Corp., Commercial  
4 Mortgage Pass-Through Certificates, Series 2004-C-1, the holder of the first deed of trust against the  
5 Story Building Property.

6 “Wells Advance Reimbursement Amount” means amounts actually paid by Wells for,  
7 among other things, taxes, insurance, pre-petition unpaid contract interest and agreed to default  
8 interest, special servicing fees, third party report fees and appraisal fees (and interest at Wells’ actual  
9 out of pocket rate on such advances) through the Effective Date in such amount as shall be agreed  
10 upon by Wells and the Debtor, or as determined by the Bankruptcy Court. In addition, the Wells  
11 Advance Reimbursement Amount shall also include reasonable attorney’s fees and costs actually  
12 incurred by Wells to its counsel, Bryan Cave LLP, in connection with the Case through the Effective  
13 Date, in such amount as agreed to by the Debtor and Wells by the Effective Date, or as determined by  
14 the Bankruptcy Court.

15 “Wells Allowed Claim” means the total Claim of Wells through the Effective Date pursuant to  
16 agreement between Wells and the Debtor as set forth in *Exhibit “6”* or as determined by the  
17 Bankruptcy Court.

18 “Wells Assignment of Leases and Rents” means that certain Assignment of Leases and Rents  
19 dated as of January 26, 2004, and recorded in the Official Records, County of Los Angeles, on January  
20 28, 2004 as Instrument 04-193603.

21 “Wells Collateral” means any and all property securing the Secured Claim of Wells pursuant  
22 to the Wells Loan Documents, including, without limitation, the Story Building Personal Property.

23 “Wells Deed of Trust” means that certain Deed of Trust, Security Agreement and Assignment  
24 of Leases and Rents dated as of January 26, 2004, and recorded in the Official Records, County of Los  
25 Angeles, on January 28, 2004 as Instrument 04-193602.

26 “Wells Deposit Account Agreement” means deposit account agreements as may be entered  
27 into on or after the Effective Date, in a form acceptable to the parties in each of their absolute and sole  
28 discretion, designed to allow the Current Special Servicer, the Master Servicer of the Wells Loan

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1 Documents, or such designated authorized agent of the Wells Loan Documents only in the event of,  
2 and only during the existence of, a Material Default under the Plan occurring after the Effective Date,  
3 to, among other things: (1) sequester rents and other income generated by the Story Building Property  
4 on an ongoing basis after the Effective Date; and, (2) disburse amounts referred to on behalf of, or to  
5 the Reorganized Debtor in accordance with the deposit account agreements and Plan. Such deposit  
6 account agreements shall be in a form and substance acceptable to Wells and the Debtor, in both of  
7 their absolute and sole discretion.

8 “**Wells Final Payment**” shall have the meaning set forth in the treatment of Class 1A.

9 “**Wells Loan Documents**” means the Wells Note, Wells Deed of Trust, Wells Assignment of  
10 Leases and Rents and other related documents evidencing the Claim of Wells, as may be amended by  
11 the Plan, Confirmation Order or written agreement of Wells and the Debtor or Reorganized Debtor.

12 “**Wells Net Rental Income**” shall have the meaning set forth in the treatment of Class 1A.

13 “**Wells Note**” means that certain Promissory Note between Wells and the Debtor dated as of  
14 January 26, 2004 secured by the Wells Deed of Trust.

15 “**Wells Principal Reduction Payment**” means a payment or payments in the amount of  
16 \$578,065 in excess of the Class 1A Interest Payments, which may be paid from any source, including,  
17 without limitation, the New Value Contribution and/or Net Rental Income (excluding such Net Rental  
18 Income derived after the Effective Date and designated by the Reorganized Debtor to be used for the  
19 Wells Advance Reimbursement Amount.)

20 “**Wells Quarterly Reports**” shall have the meaning set forth in the treatment of Class 1A.

21 **B. RULES OF CONSTRUCTION.**

22 The rules of construction in Bankruptcy Code §102 apply to the Plan to the extent not  
23 inconsistent herewith.

24 Bankruptcy Rule 9006(a) applies when computing any time period under the Plan.

25 A term that is used in the Plan and that is not defined in the Plan has the meaning attributed to  
26 that term, if any, in the Bankruptcy Code or the FRBP.

27 The definition given to any term or provision in the Plan supersedes and controls any different  
28 meaning that may be given to that term or provision in the Disclosure Statement.

1 Whenever it is appropriate from the context, each term, whether stated in singular or the plural,  
2 includes both the singular and the plural.

3 Any reference to a document or instrument being in a particular form or on particular terms  
4 means that the document or instrument will be substantially in that form or on those terms. No  
5 material change to the form or terms may be made after the Confirmation Date without the consent of  
6 any party materially negatively affected.

7 Any reference to an existing document means the document as it may be, amended or  
8 supplemented.

9 Unless otherwise indicated, the phrase “under the Plan” and similar words or phrases refer to  
10 the Plan in its entirety rather than to only a portion of the Plan.

11 Unless otherwise specified, all references to Sections are references to the Plan’s sections.

12 Unless otherwise specified, all references to Exhibits are references to the Exhibits to the  
13 Disclosure Statement.

14 The words “herein,” “hereto,” “hereunder,” and other words of similar import refer to the Plan  
15 in its entirety rather than to only a particular portion hereof.

## 16 II.

### 17 INTRODUCTION

18 The Debtor commenced its Case by filing in the Bankruptcy Court a voluntary petition for  
19 relief under Chapter 11 of the Bankruptcy Code on the Petition Date.

20 **THIS DOCUMENT IS THE DISCLOSURE STATEMENT DESCRIBING THE PLAN**  
21 **FILED BY THE DEBTOR.**

22 The Debtor believes that the Plan provides, under the circumstances, the best possible  
23 recoveries to creditors; that acceptance of the Plan is in the best interests of all parties in interest; and  
24 that any alternatives would result in unnecessary delay, uncertainty and expense to the Estate. The  
25 Debtor, therefore, recommends that all eligible creditors entitled to vote on the Plan cast their Ballot to  
26 accept the Plan.

27 **NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE**  
28 **DISCLOSURE STATEMENT OR PLAN, NO DISTRIBUTION WILL BE**  
**MADE AND NO RIGHTS WILL BE RETAINED ON ACCOUNT OF ANY**

1           **CLAIM OR INTEREST THAT IS NOT AN ALLOWED CLAIM OR**  
2           **INTEREST.**

3           **A. PURPOSE OF THIS DOCUMENT**

4           This document is the Disclosure Statement filed by the Debtor. The Disclosure Statement  
5 describes the Plan filed by the Debtor. The Disclosure Statement also discusses certain information  
6 relating to the Plan and the process that the Bankruptcy Court follows in determining whether or not to  
7 confirm the Plan. The Plan sets forth the manner in which the Claims against and Interests in the  
8 Debtor will be treated following the Debtor's emergence from Chapter 11. The Disclosure Statement  
9 further describes certain aspects of the Debtor's current and future business operations, and other  
10 related matters.

11           Chapter 11 allows a debtor, and under some circumstances creditors and others parties in  
12 interest, to propose a plan of reorganization. The plan may provide for a debtor to reorganize by  
13 continuing to operate, to liquidate by selling assets of the estate, or a combination of both. Here, the  
14 Debtor is proposing a plan of reorganization, rather than a liquidating plan.

15           The Plan of the Debtor in this Case is included in the same envelope as the Disclosure  
16 Statement. By and through the Plan, the Debtor will resolve all Claims against the Estate. Plan  
17 Distributions shall be funded from various sources, but primarily from the Debtor's post-confirmation  
18 business operations, the New Value Contribution and a Takeout Loan, discussed later in this  
19 Disclosure Statement.

20           **READ THE DISCLOSURE STATEMENT AND PLAN CAREFULLY, AS THEY**  
21           **CONTAIN INFORMATION RESPECTING, AMONG OTHER THINGS:**

- 22           (1)   **THE TERMS OF THE PLAN;**  
23           (2)   **PARTIES ENTITLED TO VOTE ON, AND/OR OBJECT TO, THE**  
24           **PLAN;**  
25           (3)   **THE TREATMENT OF CLAIMS (i.e., what Creditors will receive if the**  
26           **Plan is confirmed),**  
27           (4)   **HOW TREATMENT UNDER THE PLAN COMPARES TO**  
28           **LIQUIDATION;**  
29           (5)   **THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS**  
30           **DURING THE BANKRUPTCY;**  
31           (6)   **REQUIREMENTS FOR CONFIRMATION OF THE PLAN;**  
32           (7)   **THE EFFECT OF CONFIRMATION; AND**

1 (8) WHETHER THE PLAN IS FEASIBLE.

2 **FOR A COMPLETE UNDERSTANDING OF THE PLAN, READ THE DISCLOSURE**  
3 **STATEMENT, THE PLAN, AND THE EXHIBITS IN THEIR ENTIRETY.**

4 The Disclosure Statement does not explain all aspects of creditors' rights and claims. Parties  
5 in interest are urged to consider consulting their own lawyer to obtain more specific advice on how the  
6 Plan will affect the rights and claims of interested parties as well as the best course of action.

7 Among other things, the Disclosure Statement sets forth the assumptions underlying the Plan,  
8 describes the process that the Bankruptcy Court will follow when determining whether to confirm the  
9 Plan, and describes how the Plan will be implemented if it is confirmed by the Bankruptcy Court.

10 The provisions of the Plan govern in the event there are any inconsistencies between the  
11 language of the Disclosure Statement and the provisions of the Plan. Please see, Article I, Section B  
12 (Rules of Construction) for additional "Rules of Construction."

13 The Bankruptcy Code requires that a Disclosure Statement contain "adequate information"  
14 concerning the Plan. The Bankruptcy Court has approved this document as an adequate Disclosure  
15 Statement, containing enough information to enable parties affected by the Plan to make an informed  
16 judgment about the Plan. Any party in interest can now solicit votes in favor of, or against, the Plan  
17 based on the information contained in the Disclosure Statement.

18 **THE BANKRUPTCY COURT HAS NOT YET CONFIRMED THE PLAN**  
19 **DESCRIBED IN THE DISCLOSURE STATEMENT. IN OTHER WORDS, THE**  
20 **TERMS OF THE PLAN ARE NOT YET BINDING ON ANYONE. HOWEVER,**  
21 **IF THE BANKRUPTCY COURT LATER CONFIRMS THE PLAN, AND THE**  
22 **EFFECTIVE DATE OCCURS, THEN THE PLAN WILL BE BINDING ON THE**  
**DEBTOR AND ON ALL CREDITORS AND OTHER PARTIES IN INTEREST**  
**IN THE CASE.**

23 **B. DEADLINES FOR VOTING AND OBJECTING; DATE OF PLAN CONFIRMATION HEARING; BALLOT**

24 **TABULATION PROCEDURES**

25 1. Time and Place of the Confirmation Hearing

26 The hearing at which the Bankruptcy Court will determine whether or not to confirm the Plan  
27 filed by the Debtor will take place on the date set forth in the Disclosure Statement Order, in  
28

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1 **Courtroom “5A”**, located at **411 West Fourth Street, Suite 2030, Santa Ana, California 92701**  
2 before the **Honorable Erithe A. Smith**, United States Bankruptcy Judge.

3 2. **Deadline for Voting For or Against the Plan**

4 If a the Holder of an Allowed Claim is entitled to vote, it is in such Claimant’s best interest to  
5 timely vote on the enclosed Ballot and return the Ballot in the enclosed envelope to:

6 **Kelli Nielsen,**  
7 **Creim Macias Koenig & Frey LLP;**  
8 **633 W. Fifth Street, 51st Floor;**  
9 **Los Angeles, California 90071;**  
10 **Facsimile - (213) 614-1961;**  
11 **Email address - knielsen@cmkllp.com.**

12 **ALL BALLOTS MUST BE RECEIVED BY THE DATE AND TIME SET FORTH IN**  
13 **THE DISCLOSURE STATEMENT ORDER IN ORDER TO BE COUNTED.**

14 3. **Parties Entitled to Vote or Object**

15 a. **Parties entitled to Object to Confirmation of the Plan**

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

18 b. **Parties entitled to Vote to Accept/Reject the Plan**

19 The Holder of an Allowed Claim has a right to vote for or against the Plan if such Claimant has  
20 a Claim which is both (1) Allowed or estimated for voting purposes and (2) classified in an impaired  
21 Class.

22 i. **General description of an Allowed Claim/Interest**

23 As noted above, a Holder of Claim must have an Allowed Claim to have the right to vote. The  
24 definitions of “Allowed” and “Allowed Claim” are set forth in Article I, Section A (Definitions)  
25 located at the beginning of this document, which provisions supersede the general description below in  
26 the event of a conflict or ambiguity.

27 Without limiting the generality of the foregoing definition, a proof of claim will generally be  
28 deemed Allowed, unless a party in interest files an objection to the Claim. When an objection to a

1 Claim is filed, the creditor holding the Claim cannot vote unless the Bankruptcy Court, after notice  
2 and hearing, either overrules the objection or Allows the Claim for voting purposes.

3 A creditor may have an Allowed Claim even if a proof of claim or interest was not timely filed.  
4 Generally, a Claim is deemed Allowed if (1) it is scheduled on the Debtor's schedules and such claim  
5 is not scheduled as disputed, contingent, or unliquidated, and (2) no party in interest has objected to  
6 the Claim.

7 ii. General description of an Impaired Claim

8 As noted above, an Allowed Claim only has the right to vote if it is in a Class that is impaired  
9 under the Plan. A Class is generally considered impaired if the Plan alters the legal, equitable, or  
10 contractual rights of the members of that Class. For example, a Class comprised of General  
11 Unsecured Claims is impaired if the Plan fails to pay the members of that Class 100% of their Allowed  
12 Claims.

13 In this Case, the Debtor believes that Classes **1A, 1B 1C, 1D and 4** are **impaired** under the  
14 Plan and that Holders of Claims in each of these Classes in the Plan are, therefore, entitled to vote to  
15 accept or reject the Plan. Classes 2, 3 and 5 are not impaired under the Plan and are, therefore, not  
16 entitled to vote. Parties who dispute the Debtor's characterization of their Claim as being impaired or  
17 unimpaired may file an objection to the Plan contending that the Debtor has incorrectly characterized  
18 the Class.

19 c. Parties Not Entitled to Vote

20 Set forth below are the **Ballot Tabulation Procedures** which govern voting on the Plan, which  
21 provisions supersede the general description below in the event of a conflict or ambiguity.

22 Generally, the following types of Claims are not entitled to vote: (1) Claims that are subject to  
23 a pending objection and that have not been estimated for voting purposes; (2) Claim that are  
24 Scheduled as disputed, contingent and/or unliquidated and for which no proof of claim has been timely  
25 filed; (3) Claim that have been disallowed or estimated at zero for voting or distribution; (4) Claims in  
26 unimpaired Classes; (5) Priority Claims; and (6) Claims in Classes that do not receive or retain any  
27 value under the Plan.  
28

1 Claims in categories (1), (2) and (3) are not entitled to vote because such Claims are not  
2 Allowed or deemed Allowed. Claims in unimpaired Classes are not entitled to vote because such  
3 Classes are deemed to have accepted the Plan. Priority Claims are not entitled to vote because such  
4 claims are not placed in Classes and they are required to receive certain treatment specified by the  
5 Bankruptcy Code. Claims in Classes that do not receive or retain any value under the Plan do not vote  
6 because such Classes are deemed to have rejected the Plan.

7 **EVEN IF THE HOLDER OF A CLAIM IS OF THE TYPE DESCRIBED**  
8 **ABOVE AND NOT ENTITLED TO VOTE ON THE PLAN, SUCH CLAIMANT**  
9 **MAY NEVERTHELESS STILL HAVE A RIGHT TO OBJECT TO THE**  
10 **CONFIRMATION OF THE PLAN.**

11 d. Parties entitled to Vote in More Than One Class

12 The Holder of a Claim that has been Allowed in part as a Secured Claim and in part as a  
13 General Unsecured Claim is entitled to accept or reject the Plan in both capacities by casting one  
14 Ballot in the Class containing the Secured Claim and another Ballot in the Class containing the  
15 General Unsecured Claim, subject to the **Ballot Tabulation Procedures** below.

16 e. Votes Necessary to Confirm the Plan

17 If impaired Classes exist, the Bankruptcy Court cannot confirm the Plan unless (1) at least one  
18 impaired Class has accepted the Plan without counting the votes of any insiders within that Class, and  
19 (2) all impaired Classes have voted to accept a plan, unless the Plan is eligible to be confirmed by  
20 “cramdown” on non-accepting Classes, as discussed below.

21 f. Votes Necessary for a Class to Accept the Plan

22 A Class of Claims is considered to have accepted the Plan when more than one-half ( $\frac{1}{2}$ ) in  
23 number and at least two-thirds ( $\frac{2}{3}$ ) in dollar amount of the Allowed Claims which actually voted and  
24 are entitled to vote, have voted in favor of the Plan. A Class of Interests is considered to have  
25 accepted the Plan when at least two-thirds ( $\frac{2}{3}$ ) in amount of the Interest-Holders of such Class which  
26 actually voted, voted to accept the Plan.

27 g. Treatment of Non-Accepting Classes

28 As noted above, even if all impaired Classes do not accept the Plan, the Bankruptcy Court may  
nonetheless confirm the Plan if the non-accepting Classes are treated in the manner required by the

1 Bankruptcy Code. The process by which non-accepting Classes are forced to be bound by the terms of  
2 the Plan is commonly referred to as “cramdown.” The Bankruptcy Code allows the Plan to be  
3 “crammed down” on non-accepting Classes of Claims or Interests if it meets all consensual  
4 requirements except the voting requirements of Bankruptcy Code § 1129(a)(8), and if the Plan does  
5 not “discriminate unfairly” and is “fair and equitable” toward each impaired Class that has not voted to  
6 accept the Plan as referred to in Bankruptcy Code § 1129(b) and applicable case law.

7 4. Ballot Tabulation Procedures

8 The following procedures will apply with respect to balloting and the tabulation of Ballots with  
9 respect to the Plan:

10 A. The amount of a Claim or Interest for purposes of Ballot tabulation will be:

- 11 i. For a Claim or Interest identified in the Schedules as not  
12 contingent, not unliquidated, and not disputed, and that has not  
13 been disallowed, waived, or withdrawn by order of the Bankruptcy  
14 Court, stipulation, or otherwise, prior to the Balloting Deadline (as  
15 defined in the Disclosure Statement Order), and for which no proof  
16 of claim has been timely filed, the Claim or Interest amount, as  
17 identified in the Schedules (“**Scheduled Amount**”);
- 18 ii. For a timely proof of claim or proof of interest that is filed in a  
19 specified liquidated amount and that is not the subject of an  
20 objection filed before the Balloting Deadline, or that has not been  
21 disallowed, waived, or withdrawn by order of the Bankruptcy  
22 Court, stipulation, or otherwise prior to the Balloting Deadline, the  
23 specified liquidated amount in such proof of claim or proof of  
24 interest (“**POC Amount**”);
- 25 iii. For a Claim or Interest that is the subject of an objection in whole  
26 or in part before the Ballot Deadline, only the undisputed amount,  
27 if any, of such Claim or Interest, unless such Claim or Interest is  
28 temporarily Allowed under FRBP 3018(a) (“**Disputed/Estimated  
Amount**”);
- iv. For a Claim that is offered an option under the Plan to have its  
Claim Allowed for voting purposes upon the timely election of  
certain options, and which claimant is in compliance with the  
procedures set forth in the Plan for such election, the stipulated  
amount specified in the Plan (“**Stipulated Amount**”);

B. If an entity submits a Ballot for a Claim or Interest (i) for which there is no timely  
proof of claim or proof of interest filed and, for which there is no corresponding

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1 Scheduled Amount, or (ii) which is the subject of an unresolved objection filed  
2 prior to the Confirmation Hearing, such Ballot will not be counted, unless ordered  
3 by the Bankruptcy Court;

4 C. Creditors that have Claims in more than one voting Class under the Plan must  
5 submit a separate Ballot for voting their Claims in each such Class; any creditor  
6 that requires additional copies of a Ballot may either photocopy the original Ballot  
7 or obtain an additional Ballot pursuant to the instructions set forth in the  
8 Confirmation Hearing Notice and the proposed Ballot. **If a creditor uses the  
9 same Ballot to vote Claims in more than one class, such combined Ballot will  
10 NOT be counted unless the Court order's otherwise;**

11 D. If an entity casts more than one eligible Ballot with respect to the same Claim or  
12 Interest before the Balloting Deadline, the last Ballot received prior such deadline  
13 shall supersede any prior Ballot(s) by such entity with respect to such Claim or  
14 Interest in the Class in which the Ballot is submitted; and,

15 E. Any Ballot that is incomplete or that is not received by the applicable deadline  
16 shall NOT be counted.

17 5. Deadline for Objecting to Confirmation of the Plan

18 Objections to Confirmation of the Plan must be filed with the Bankruptcy Court and served  
19 upon **Sandford L. Frey, Esq., Creim Macias Koenig & Frey LLP; 633 W. Fifth Street, 51st  
20 Floor; Los Angeles, California 90071; Facsimile - (213) 614-1961; Email address:  
21 sfrey@cmkllp.com by the date and time set forth in the Disclosure Statement Order.**

22 Any objection must be in writing; specify the name and address of the party objecting; set forth  
23 the amount of the objecting party's Claim(s) and any other grounds giving the objector standing to  
24 object; set forth grounds for the objection; and be accompanied by the objecting party's evidentiary  
25 support for its objection, including declarations made under penalty of perjury and other admissible  
26 documentary evidence.

27 6. Identity of Person to Contact for More Information Regarding the Plan

28 Any interested party desiring further information about the Plan should contact Sandford L.  
Frey, Esq., or Marta Wade of Creim Macias Koenig & Frey LLP; 633 W. Fifth Street, 51st Floor, Los  
Angeles, California 90071; Telephone - (213) 614-1944; Facsimile - (213) 614-1961; Email address:  
sfrey@cmkllp.com or mwade@cmkllp.com.

1 **C. DISCLAIMER**

2 The financial data relied upon in formulating the Plan is based on the information provided by  
3 the Debtor; the Debtor's books and records; the Schedules of Assets filed by the Debtor; and the  
4 opinion of the Debtor. The Debtor has represented that everything stated in the Disclosure Statement  
5 is true to the best of the Debtor's knowledge. The Debtor urges you to vote to accept the Plan.

6 The Bankruptcy Court has not yet determined whether the Plan is confirmable, and makes no  
7 recommendation as to whether Claimants entitled to vote should support or oppose the Plan.

8 The Debtor's professionals have prepared the Plan and Disclosure Statement at the direction  
9 of, and with the review, input, and assistance of, the Debtor. The Debtor's professionals have not  
10 independently verified the information contained herein or used to formulate the Plan or prepare the  
11 Plan and/or Disclosure Statement.

12 The statements and information that concern the Debtor that are set forth in this document  
13 constitute the only statements and information that the Bankruptcy Court has approved for the purpose  
14 of soliciting votes to accept or reject the Plan. Therefore, no statements or information inconsistent  
15 with anything contained in the Disclosure Statement are authorized unless otherwise ordered by the  
16 Bankruptcy Court.

17 **You may not rely on the Plan and Disclosure Statement for any purpose other**  
18 **than to determine whether to vote to accept or reject the Plan. Nothing contained**  
19 **in the Plan or Disclosure Statement constitutes an admission of any fact or liability**  
20 **by any party or may be deemed to constitute evidence of the tax or other legal**  
21 **effects that the reorganization set forth in the Plan may have on entities holding**  
22 **Claims or Interests.**

23 Unless another time is expressly specified in the Disclosure Statement, all statements contained  
24 in this document are made as of the date set forth on the last page of the Disclosure Statement. Under  
25 no circumstances will the delivery of the Disclosure Statement or the exchange of any rights made in  
26 connection with the Plan create an implication or representation that there has been no subsequent  
27 change in information included in this document. The Debtor assumes no duty to update or  
28 supplement any of the information contained in this document, and it presently does not intend to  
undertake any such update or supplement.

**The statements and information contained in the Plan and Disclosure Statement do not constitute financial or legal advice. Parties in interest are strongly urged to consult with their own advisors, including respecting any questions about the impact of the Plan on any Claims or Interests.**

**D. BAR DATE**

A Bar Date for filing Proofs of Claim in the Case was set for **October 15, 2010**. Pursuant to the “Chapter 11 Status Conference Order” entered August 16, 2010 [Docket No. 41]. Notice of the Bar Date was sent on August 13, 2010 as required by the Court’s order. [Docket No. 40].

**THE BAR DATE IN THE CASE WAS OCTOBER 15, 2010**

Pursuant to the Plan, the Administrative Claim Bar Date shall be fixed as a date set forth in the Confirmation Order. See further discussion below in Article IV.

**E. EXHIBIT LIST**

The Exhibits listed in the following table are intended to be a part of the Disclosure Statement and Plan. These Exhibits are deemed to be incorporated into the Disclosure Statement and Plan when filed.

EXHIBIT NO.	DESCRIPTION
1	Legal Description of Story Building Property
2	Class 4 Claims
3	Liquidation Analysis
4	P&L/Balance Sheet/Most recent MOR
5	Projected Income and Expenses 2012-2017
6	Proposed Wells Allowed Claim
7	Form of Confidentiality Agreement and Wells Negotiated Confidentiality Agreement
8	New Value Contribution Agreement
9	Yazdanyar Law Offices OFAC application dated June 29, 2012
10	OFAC Approval

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1 III.

2 **BACKGROUND**

3 **A. DESCRIPTION OF THE DEBTOR**

4 The Debtor is a Delaware limited liability company, with its principal place of business in  
5 Irvine, California. The Debtor's principal office is located at 1 Charlotte, Irvine, CA 92603.

6 Among other things, the Debtor owns and operates the Story Building Property, which is a 13  
7 story historical building located in Downtown, Los Angeles, known as the Walter P. Story Building,  
8 located at 610 S. Broadway. The Story Building Property is primarily utilized as a jewelry plaza.

9 The Debtor continues to operate its business and manage its property as a debtor-in-possession  
10 pursuant to Bankruptcy Code §§ 1107(a) and 1108. An official committee of creditors holding  
11 unsecured claims was not been formed in the Case.

12 Although the Debtor is a management company, it primarily manages the Story Building  
13 Property at the current time. Inasmuch as the Debtor primary source of income at the current time is  
14 derived from the operation and management of the Story Building Property, the Debtor agreed with its  
15 primary secured lender, Wells, to treat the Case as a "single asset real estate" case within the meaning  
16 of Bankruptcy Code §101(51B), so as to, among other reasons, avoid the expense of litigation over  
17 collateral issues. Accordingly, the Debtor commenced making payments to Wells at the non-default  
18 contract rate from the inception of the Case (see discussion below).

19 The Debtor previously had 5 full time employees (excluding Abraham Mosaddegh), who were  
20 Anahid Avagimian; Adam Bonilla; Antonio Cesante; Mario Delgadillo; and, Santiago Rodriquez. In  
21 addition, the Debtor paid \$3,000 each month for a lease management consultant, Babylon Group  
22 (Pierre Toulkany). Brief job descriptions are set forth below.

23 Anahid Avagimian ran the building office, answers phones, books service appointments,  
24 assists management in maintenance of the books and records, and answers tenant issues and generally  
25 takes care of the tenants on a daily basis. She is no longer employed by the Debtor.

26 Adam Bonilla is the building engineer.

27 Antonio Cesante, Mario Delgadillo and Santiago Rodriquez work in the treatment room  
28 necessary for environmental safety for the F1 qualified building (see discussion below).



1 Babylon Group (Pierre Toulkany) had been employed as a consultant with the building for 25  
2 years. He handled tenant issues on a daily basis and was familiar with the tenants due to his long  
3 standing relations with many of them. He was at the building on a full time basis. The Debtor's new  
4 management viewed the Babylon Group as no longer essential to post confirmation operations.  
5 Therefore, the arrangement between the Debtor and the Babylon Group was recently amicably  
6 terminated as part of new managements efforts to reduce operating expenses.

7 1. Debtor's Management/Interest Holder

8 a. Interest Holder

9 The Debtor's interest holder is Safari.

10 b. Management of the Debtor Before and After the Bankruptcy

11 i. Management

12 The Debtor's day to day operations were run by Abraham Mosaddegh. As the Debtor's  
13 Manager, Mr. Mosaddegh oversaw the company's accounting and bookkeeping and all administrative  
14 functions, including payroll. Since the Petition Date, Mr. Mosaddegh received no compensation from  
15 the Debtor for his services.

16 As of October 2012, the New Value Contributor, Gholam Ali Safari, assumed managerial  
17 control of the Story Building Property.

18 Ms. Homa Akhavan has been hired as a secretary to handle the daily tasks of collecting rent,  
19 responding to leasing inquiries and assigning repair orders.

20 ii. Former Management/Compensation

21 With respect to the Debtor, the following compensation was being paid by the Debtor:

<u>NAME</u>	<u>TITLE</u>	<u>MONTHLY COMPENSATION</u>
Mehrdad Safari	Interest Holder	\$0.00
Abraham Mosaddegh	Former Manager	\$0.00

24 iii. New Management/Qualifications/Compensation

25 Gholam Ali Safari is a self-made multi-millionaire with a net worth in excess of \$23 million  
26 dollars. Gholam Ali Safari has thirty-five years of experience in construction and management of  
27 buildings in Iran. Through the Safari family-owned construction business, raw land would be  
28

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1 purchased for investment and for development. Any necessary permits or government approval  
2 required for the development would be procured. After the land was developed into apartment  
3 buildings, commercial buildings or single family homes, Gholam Ali Safari would either market the  
4 project to prospective buyers or oversee the property management, including the marketing,  
5 advertising and leasing associated with these properties. Gholam Ali Safari's real estate portfolio in  
6 Iran contains numerous apartment buildings and single family homes. Some of the deeds to his real  
7 estate holdings have been translated into English and are available to creditors upon the execution of  
8 the Confidentiality Agreement. Gholam Ali Safari is not receiving any compensation from the Debtor.

9  
10 Gholam Ali Safari selected Seifi Vakili to assist him as co-manager of the Story Building  
11 Property. As the co-manager of the Story Building Property, Mr. Vakili will oversee tenant leasing,  
12 marketing and advertising, and all other related issues involved in the management and operation of  
13 the Story Building Property. Seifi Vakili has agreed to a two year term and is being compensated for  
14 his services directly by Gholam Ali Safari personally and not by the Debtor or from any New Value  
15 Contribution.

16  
17 Seifi Vakili has over forty-five years experience in sales, marketing, leasing and accounting in  
18 variety of fields or industries, including the food import and export business, property management,  
19 and construction-related businesses in Iran and Europe. He is fluent in a number of languages  
20 including German, French, Farsi and Turkish. His educational background includes a Ph. D.,  
21 Economics University of Tehran, Tehran, Iran; M.B.A., Marketing, University of Tehran, Tehran,  
22 Iran; and B.A., Cost Accounting, University of Alameh Tabatabai, Tehran, Iran.

## 24 **B. HISTORY OF THE DEBTOR**

25 The Debtor was formed on or about May 19, 2006, and remains an active Delaware limited  
26 liability company. The Debtor acquired the Story Building Property in or around January 23, 2007.  
27 The original purchase price for the Story Building Property was approximately \$27,700,000. The  
28 Story Building Property was valued at over \$30,000,000 in 2008.

1 Of the original \$27,700,000 purchase price, the Debtor paid \$17,699,894.50 in cash and also  
2 assumed an existing loan which had a balance at closing of \$12,369,823.36. With added costs at the  
3 time of closing, the total consideration at closing came to \$30,069,717.86. In addition, the Debtor has  
4 spent approximately \$4,500,000 improving the Story Building Property subsequent to closing.

5 **C. EVENTS LEADING TO CHAPTER 11 FILING**

6 A brief summary of the circumstances that led to the filing of the Debtor's Case is set forth  
7 below. The Debtor commenced the Case by filing a voluntary petition under Chapter 11 of the  
8 Bankruptcy Code in the Bankruptcy Court for the Central District of California, Santa Anna Division  
9 on the Petition Date - May 17, 2010.

10 As stated, the Story Building Property was purchased by the Debtor in 2007 for \$27,700,000.  
11 As with many businesses in our current economic climate, the Story Building Property has  
12 experienced a sudden decrease in occupancy rates over the year prior to the Petition Date. This  
13 resulted in a temporary reduction in its overall operating income, which directly affected payment of  
14 its debts.

15 The first floor plaza of the Story Building Property is dedicated to retail and the 2<sup>nd</sup> through  
16 11<sup>th</sup> floor dedicated to jewelry manufacturing and repair. The Story Building Property's historical  
17 occupancy rate is 90% or better. Due to the poor economy for the jewelry industry, prior to the  
18 Petition Date, the occupancy rate of the Story Building Property dipped to approximately 60%.  
19 During most of the Case, there were 118 tenants. The Plaza had 48 booths occupied and 14 vacancies.  
20 The remainder of the Story Building Property had 68 manufacturing and repair tenants, 1 office and 1  
21 parking lot tenant. As of the date of this Disclosure Statement, there are 124 tenants.

22 In addition to the dip in occupancy rates, the Debtor was forced to accommodate tenant cash  
23 flow respecting the collection of rent due to the poor economy. As a result, the monthly cash flow had  
24 dipped to an average of \$150,000 per month.

25 Due to the inability to negotiate acceptable accommodations with its lender and certain  
26 vendors, the Debtor was forced to file for bankruptcy protection. The filing was done in an effort to  
27 restructure its liabilities and get additional time to stabilize its leasing situation, so as to once again  
28

1 achieve a reliable and steady income stream with which to service the remaining debt. This is one of  
2 the purposes of the Debtor's Plan.

3 Since new management assumed control of leasing activities, a number of new leases have  
4 entered into with new tenants, which is discussed in more detail in the Section entitled "Strategies for  
5 Increasing Tenant Occupancy", located in Section VI.A.7 of the Disclosure Statement.

#### 6 **D. SIGNIFICANT EVENTS DURING THE BANKRUPTCY**

7 During the Case, the Debtor attempted to restore its operations to profitability by, among other  
8 things, working with its tenants.

9 The Debtor requested one extension of time to file its Schedules of Assets and Liabilities  
10 ("Schedules") and Statement of Financial Affairs ("SOFA") by Motion filed June 4, 2010 [Docket  
11 No. 21]. The Schedules and SOFA were filed on June 16, 2010 [Docket No. 27].

##### 12 1. Employment of Professionals

13 The Debtor employed CMKF, as reorganization counsel for the Debtor, pursuant to application  
14 filed June 16, 2010 [Docket No. 28]. The employment of CMKF was approved by order entered on  
15 July 27, 2010 [Docket No. 38].

16 The Debtor also employed Biggs & Co, as its proposed accountants and financial advisors.

17 The Debtor intends to retain an appraiser to conduct a valuation of the Story Building in  
18 connection with Confirmation.

19 The Debtor may also retain Special Litigation counsel to handle certain claims disputes.

##### 20 2. 341(a) Hearing

21 The Debtor appeared at its Initial Debtor Interview ("IDI") which was scheduled by the UST  
22 contemporaneously with the statutory meeting of creditors held pursuant to Bankruptcy Code § 341(a)  
23 ("**341(a) Hearing**"). The Debtor appeared and was examined at the 341(a) Hearing on June 23, 2010.

##### 24 3. Cash Collateral Motions

25 On May 20, 2010, the Debtor filed and served its *Debtor's Emergency Motion For Interim And*  
26 *Final Orders Under 11 U.S.C. 105(a), 361 And 363; FRBP 4001 And 9014; And LBR 4001-2*  
27 *Authorizing Debtor To: (1) Use Of Interim Cash Collateral; And (2) Setting Final Hearing On Cash*  
28 *Collateral Motion* [Docket No. 4] ("**Cash Collateral Motion**").

1 On May 25, 2010, the Bankruptcy Court held an interim hearing on the Cash Collateral  
2 Motion. The Bankruptcy Court granted interim use of cash collateral based upon the *Stipulation by*  
3 *Story Building LLC and Wells Fargo Bank, N.A., a Trustee for the Registered Holders of J.P. Morgan*  
4 *Chase Commercial Mortgage Securities Corp., Commercial Mortgage Pass-Through Certificates,*  
5 *Series 2004-C1 Interim Stipulation Providing for: (1) Limited Use of Cash Collateral; (2) Adequate*  
6 *Protection; and, (3) Setting Final Hearing* [Docket No. 15] (“**Interim Stipulation**”), which Interim  
7 Stipulation was approved by order entered on June 7, 2010 [Docket No. 23].

8 In addition to the First Interim Hearing, the Bankruptcy Court held continued hearings on  
9 interim use of cash collateral pursuant to the Cash Collateral Motion on June 21, July 22, August 31,  
10 2010, September 30 and November 4 (collectively the “**Interim Hearings**”). By agreement of Wells  
11 and the Debtor, authorization to use cash collateral was continued through the Interim Hearings  
12 pursuant to the Interim Stipulation and the agreed upon revised Budget.

13 On November 5, 2010, the Debtor and Wells *Continued Interim Stipulation Providing for: (1)*  
14 *Use of Cash Collateral; (2) Adequate Protection; and, (3) Setting Final Hearing* [Docket No. 52]  
15 (“**Continued Interim Stipulation**”). Pursuant to the Continued Interim Stipulation, among other  
16 things, the Debtor was authorized to use and continue to use Cash Collateral during the Interim Period  
17 and through the date of the continued Final Hearing on December 4, 2010 for the Debtor’s ordinary  
18 and necessary operating expenses, including salaries, pursuant to the categories set forth in the Budget  
19 attached to the Continued Interim Stipulation; provided, however, that the Debtor may exceed on a  
20 monthly basis the amount set forth in each category of disbursements set forth in the Budget by ten  
21 percent (10%); and may also exceed on a monthly the aggregate amount of disbursements set forth in  
22 the Budget by ten percent (10%). Additionally, the Budget may be supplemented or extended,  
23 provided that such supplementation or extension has been approved by Wells or by the Bankruptcy  
24 Court after notice to Wells and a hearing. The Debtor was authorized to use cash collateral on a final  
25 basis by order of the Bankruptcy Court entered March 10, 2011 [Docket No. 84]. In view of recent  
26 circumstances, the Debtor may file a new request for further use of cash collateral through  
27 confirmation of its Plan.  
28

1                   4. Adequate Protection Payments

2                   On June 11, 2010, the Debtor commenced making interest payments to Wells at the non-  
3 default interest rate specified in the Well's pre-petition Loan Documents (as defined in the Description  
4 of the Debtor's Assets section below) at a per diem rate of \$1,798.44 ("**Adequate Protection**  
5 **Payments**"). The first Adequate Protection payment covered interest from the Petition Date through  
6 June 11, 2010 and was paid on or about June 11, 2010. The Debtor has paid all subsequent Adequate  
7 Protection Payments monthly for each month through September 2012. The post-petition payments  
8 aggregate approximately \$1.5 million. See further discussion below.

9                   5. Plan Deadline/Exclusivity

10                  During the course of the Debtor's Case, the Bankruptcy Court has issued an Order in the Case  
11 requiring the Debtor to file its Plan of Reorganization and Disclosure Statement on or before October  
12 29, 2010, which was the date initially suggested by the Debtor. The Debtor has requested and been  
13 granted one extensions of exclusivity. Pursuant to order entered October 8, 2010 [Docket No. 47], the  
14 time within which the Debtor must file its Plan of Reorganization ("**Plan Exclusivity Period**") was  
15 extended through and including October 29, 2010. For purposes of maintaining the Debtor's exclusive  
16 right to file a plan, the time within which the Debtor has to solicit acceptance of its Plan of  
17 Reorganization ("**Solicitation Exclusivity Period**") was extended through and including December  
18 31, 2010 pursuant to order of the Bankruptcy Court. On October 27, 2010, the Debtor filed a  
19 *Stipulation to Extend the Date by which Debtor is Required to File a Plan of Reorganization and to*  
20 *Extend the Debtor's Exclusive Period to File a Plan Of Reorganization and to Obtain Acceptances of*  
21 *its Plan* [Docket No. 49]. Pursuant to order entered November 3, 2010, the Debtor's deadline to file  
22 its Plan was extended to November 12, 2010. The Debtor is past the deadline for further extensions  
23 under Bankruptcy Code § 1121(d)(2)(A).

24                  6. Legal Proceedings

25                  The Reorganized Debtor shall pursue Rights of Action, including, without limitation, any and  
26 all preference actions, fraudulent transfer actions and/or other avoidance actions that may exist, claims  
27 litigation and estimation for the benefit of the Debtor's Estate. The Reorganized Debtor reserves the  
28 right to pursue all claims and causes of action against Liftech, USV and/or Blackhawk. The Debtor

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1 does not anticipate filing claims against Blackhawk, Liftech and USV. USV filed a mechanics lien,  
2 but it failed perfect it by filing a timely lawsuit. The Debtor has claim under Bankruptcy Code §§ 544,  
3 547 and 550 against USV. The Debtor has claims against Liftech respecting its elevator service  
4 contract, for which it may need to retain special counsel to handle. The Debtor asserts a claim for,  
5 among other claims, breach of contract. However, the Liftech matter is resolved as part of the Plan,  
6 see discussion below.

7 Liftech Background/Liftech Avoidance Action/Compromise Agreement. The Debtor entered  
8 into contract with Liftech in or around 2009, to upgrade to current Code all four elevators in Story  
9 Building Property. The contract amount was for approximately \$1 million. According to the contract,  
10 Liftech was supposed to deliver four (4) fully upgraded and operational elevators, operating in pairs.

11 Liftech completed two elevators pursuant to the contract, and claimed to have upgraded the  
12 remaining two elevators. However, the Debtor discovered that two of elevators were, in fact, not  
13 upgraded, nor were they equipped with the latest parts and materials, as promised by Liftech, pursuant  
14 to the contract.

15 Prior to the Debtor's bankruptcy case, Liftech filed a state court action against the Debtor,  
16 which was settled between the parties before the Debtor discovered that Liftech had not completed the  
17 upgrades, pursuant to the contract, as they had claimed. Thus, a dispute arose after the settlement was  
18 entered into and the Debtor retained another elevator service company to continue servicing the  
19 elevators. The new elevator service company informed the Debtor that the upgrades for the two non-  
20 operating elevators were significantly incomplete.

21 Liftech is scheduled as a disputed claim in the Debtor's bankruptcy case. Liftech filed a proof  
22 of claim on September 10, 2010 [Claim No. 4] for \$310,816.33 (secured in the amount of \$246,708.00  
23 and unsecured in the amount of \$64,108.33). The Debtor was prepared to assert defenses to the  
24 Liftech Claims, and assert certain offsets.

25 In the meantime, the Debtor has filed the Liftech Avoidance Action seeking to avoid Liftech's  
26 asserted security interest. The Liftech Avoidance Action was initiated by the filing of a complaint  
27 entitled *Complaint for: (1) Avoidance and Recovery of Preferential Transfers and Disallowance of*  
28 *Claims [11 U.S.C. Sections 547 and 550] (2) Recovery of Avoided Transfer [11 U.S.C. Section 550]*

1 (3) *Disallowance of Any Claims Held by Defendant [11 U.S.C. Section 502(d)]* (4) *Declaratory Relief*  
2 (5) *Avoidance and Recovery of Transfers [11 U.S.C. Section 544(a)(3)]*. Liftech has filed a motion to  
3 dismiss the action, which is set for hearing on December 20, 2012.

4 The Liftech Avoidance Action is based on the following facts. On or about April 15, 2009  
5 Liftech recorded a Mechanic's Lien against the Story Building Property. Liftech filed its lawsuit  
6 against the Debtor in the State Court more than 90 days after Liftech recorded its Mechanic's Lien.  
7 Liftech obtained a "Judgment Pursuant to Stipulation" against the Debtor within ninety days of the  
8 Petition Date. Liftech recorded Abstracts of Judgment against the Debtor on March 29, 2010 in  
9 Orange County, and April 6, 2010 in Los Angeles County (the March 29<sup>th</sup> and April 6<sup>th</sup> abstracts of  
10 judgment are collectively referred to herein as "Abstracts"). The Abstracts were recorded within 90  
11 days of the Petition Debtor. Liftech argues that its Abstracts relate back to the date of the recordation  
12 of the Mechanic's Lien. The Debtor argues that relation back does not apply because Liftech failed to  
13 file its action within 90 days.

14 Liftech and the Debtor have reached agreement for the treatment of Liftech's Claims, the  
15 essential terms are memorialized in the applicable sections of the Plan respecting the treatment of  
16 Liftech's Claims. The agreement will entail a new elevator servicing agreement between the Debtor  
17 and Liftech, to commence after the Effective Date and after payment of the Priority Claim of Liftech  
18 and the first \$100,000. Liftech and the Debtor intend to draft a separate service agreement to be filed  
19 and served prior to the Confirmation Hearing; and, the parties intend seek approval of both the  
20 compromise and agreement contemporaneously with Confirmation. On the Effective Date and after  
21 approval and execution of the agreements contemplated herein and provided that Liftech has delivered  
22 timely Ballots accepting the Plan in each class in which it holds a claim, the Liftech Avoidance Action  
23 will be dismissed with prejudice.

24 The Debtor believes the proposed compromise with Liftech is fair, reasonable and in the best  
25 interest of the Estate, taking into consideration, among other factors, the probability and prospects of  
26 success; the complexity of the litigation; the expense, inconvenience and delays resulting from  
27 continued prosecution of the claims without consensual resolution; and the paramount interests of  
28 creditors.

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1 The approval or rejection of a proposed compromise is within the discretion of the Bankruptcy  
2 Court and is to be determined by the particular circumstance of each case. See, United States of  
3 America v. Alaska National Bank of the North (In re Walsh Construction, Inc.), 669 F.2d 1325, 1328  
4 (9<sup>th</sup> Cir. 1982). Under FRBP 9019 (a), the Bankruptcy Court has “great latitude in approving  
5 compromise agreements” proposed by a debtor and may approve a proposed compromise so long as it  
6 is fair and equitable. Woodson v. Fireman’s Fund Insurance Co. (In re Woodson), 839 F.2d 610, 620  
7 (9<sup>th</sup> Cir. 1987). The Ninth Circuit has set forth certain factors relevant to determining whether a  
8 settlement is fair and equitable:

9 In determining the fairness, reasonableness and adequacy of a proposed settlement  
10 agreement, the court must consider: (a) the probability of success in the litigation; (b)  
11 the difficulties, if any, to be encountered in the matter of collection; (c) the complexity  
12 of the litigation involved, and the expense, inconvenience and delay necessarily  
attending it; (d) the paramount interest of creditors and a proper deference to their  
reasonable views in the premises.

13 Martin v. Kane (In re A&C Properties), 784 F.2d 1377 (9<sup>th</sup> Cir. 1986), cert. denied sub nom.,  
14 Martin v. Robinson, 479 U.S. 854, 107 S. Ct. 189 (1986).

15 See also, Lambert v. Flight Transportation (Flight Transportation Corporation, Securities  
16 Litigation), 730 F.2d 1128, 1135 (8<sup>th</sup> Cir.1984; cert. denied nom, Reavis & McGrath v. Antinore, 469  
17 U.S. 1207, 105 S.Ct. 169, 84 L.Ed.2d 310 (1985)).

18 The Bankruptcy Court is not required to decide the questions of law and fact in dispute but,  
19 instead, to canvas the issues to see whether the “settlement falls below the lowest point in a range of  
20 reasonableness.” Anaconda-Ericsson Inc. (In re Teletronics Services, Inc.), 762 F.2d 185, 189 (2<sup>nd</sup>  
21 Cir. 1985, quoting, In re W.T. Grant Company, 699 F.2d 599, 608 (2<sup>nd</sup> Cir. 1983), cert. denied sub  
22 nom, Cosoff v. Rodman, 464 U.S. 822, 104 S.Ct. 89, 78 L.Ed.2d 97 (1983). When applying the above  
23 standards, and “[i]n passing upon the proposed settlement, the Bankruptcy Court must consider the  
24 principle that ‘law favors compromise.’” In re Carson, 82 B.R. 847, 853 (Bankr. S.D. Ohio 1994)  
25 (citations omitted).

26 Application of the above-described standards to the Liftech compromise demonstrates that the  
27 Debtor has established the reasonableness and fairness of the proposed compromises, and that the  
28 Liftech compromise should therefore be approved as part of the Plan. The Debtor believes that the

1 service agreement will result in four operating elevators. The compromise also resolves the treatment  
2 and the amount of Liftech's claims. State law in the area of relation back under these circumstances is  
3 uncertain. Moreover, the prosecution and resolution of the dispute will likely take several months and  
4 will result in an increase in the administrative costs to the Estate. The issues are expensive to litigate  
5 when compared to the amount in controversy and litigation will result in more delay than offered by  
6 the proposed resolution. In addition, there is always a risk of loss in any litigation. Therefore, the  
7 economic reality weighs heavily in favor of an expeditious resolution, particularly when one considers  
8 the benefits of the continued service agreement.

9 Broadway Exchange Building LLC Background. On or about February 17, 2009, the  
10 Broadway Exchange Building LLC ("Broadway") filed an action entitled: Broadway Exchange  
11 Building v. Gabriel Frig, Austin Bryant, Javier Machado, Company of the Pacific, Ferguson  
12 Enterprises, Adrien, Inc.; Western Surety Company and Story Building, Case No. BC 39805  
13 ("Broadway Action"), which was pending before the Honorable Richard L. Fruin, Los Angeles  
14 Superior Court Judge. According to the Superior Court Docket, a second case was consolidated with  
15 the Broadway Action, entitled, Ferguson Enterprises, Inc. dba Ferguson Fire & Fabrication, Inc. dba  
16 Cold Air Supply v. Broadway Exchange Building, LLC; Zuri Barnes with Case No. BC 402491  
17 ("Ferguson Action"). The Ferguson Action was pending before the Honorable Michael L. Stern, Los  
18 Angeles Superior Court Judge. The Debtor does not appear to have been named as a party to the  
19 Ferguson Action.

20 The Broadway Action alleges fraud, conversion and breach of fiduciary duty, among other  
21 causes of action against the defendants. The focus of the underlying allegations against the Debtor  
22 premise upon *conversion*, in that certain construction materials and supplies belonging to Broadway  
23 were *allegedly* stolen and wrongfully converted to the Debtor's use and control by employees of the  
24 Debtor, with the knowledge and consent of the Debtor. As a result, Broadway claimed damages in  
25 excess of \$400,000.00. The Debtor vehemently denies these allegations.

26 It should be noted that Broadway's building is located at the corner of 7<sup>th</sup> and Broadway and is  
27 on the same side of the street as the Story Building Property. Both buildings are located in downtown  
28 Los Angeles in an area commonly known as the Jewelry District. The Jewelry District tends to be

1 close-knit community of jewelry-related businesses. Both buildings have tenants who operate retail  
2 jewelry establishments.

3 Due to the manner by which the service of the summons and complaint by the Broadway was  
4 established, the Debtor had no knowledge of the Broadway Action. In fact, the Debtor contends that it  
5 was never properly served with the summons and complaint and, as a result, was never able to defend  
6 itself in the Broadway Action.

7 While Broadway claims that it filed a request for entry of default judgment against the Debtor  
8 on April 28, 2010, the Debtor can find no proof of service filed or referenced in the Los Angeles  
9 Superior Court docket evidencing that the Debtor was properly served. The only exhibit, which  
10 Broadway attached, was the Third Amended Judgment (“Judgment”), which was entered on October  
11 12, 2010, about six months after the Debtor’s Petition was filed. The Judgment entered against the  
12 Debtor post-petition is in the amount of \$50,136.26 (including costs). Based on the sequence of  
13 events, at the time the Bankruptcy Petition was filed, Broadway did not have a default judgment  
14 against the Debtor, it just had a default.

15 The Debtor did not become aware of the Broadway Action or the Judgment until Broadway  
16 attempted to levy against the Debtor’s assets in or around July 2011. Thus, Broadway was not  
17 scheduled by the Debtor in its Chapter 11 bankruptcy case.

18 As a result of the bankruptcy, Broadway filed a motion for relief from stay on August 5, 2011  
19 [Docket No. 108] seeking relief from the Bankruptcy Court: (1) to annul the automatic stay so that the  
20 Broadway may proceed in state court to levy on its Judgment against the Debtor; and (2) for an order  
21 determining that the claim of Broadway is non-dischargeable in the bankruptcy case.

22 A hearing on Broadway’s Motion was held on August 30, 2011. The Court entered an Order  
23 annulling the stay retroactively to the Petition Date only to allow the state court Judgment to stand in  
24 the liquidated amount set forth in the Judgment. In addition, the Court set a date of September 30,  
25 2011 within which Broadway may file a proof of claim in the bankruptcy case (“Broadway Order”)  
26 [Docket No. 133].

27 Broadway filed a proof of claim on September 30, 2011 [Claim No. 9]. The Debtor denies all  
28 of the allegations set forth in the Second and Third Amended Complaints filed by the Broadway and,

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1 further contends, that the Third Amended Judgment on Special Verdict, which was entered by the  
2 Court post-petition (based upon a pre-petition civil action) is invalid and unenforceable.

3 The Debtor intends to file a motion objecting to Broadway's claim, in full, and will seek all  
4 legal remedies against Broadway in connection with its claims against the Debtor. The Debtor is  
5 hopeful that a consensual resolution can be reached with such creditors.

6 The Reorganized Debtor, in its absolute and sole discretion, may settle such actions following  
7 the Effective Date without further notice or hearing, except as otherwise provided in the Plan.

8 Before and after the Effective Date, the Reorganized Debtor retains the right to seek a  
9 surcharge any holder of a Secured Claim pursuant to Bankruptcy Code §506(c).

10 In addition, certain Claims may be subject to rights of offset, recoupment or counterclaims of  
11 the Debtor and/or Reorganized Debtor, and those rights are reserved by the Reorganized Debtor.  
12 Notwithstanding anything to the contrary contained in the Disclosure Statement or Plan, the  
13 Reorganized Debtor may, but shall not be required to, setoff, recoup, assert counterclaims or withhold  
14 against the Distributions to be made pursuant to the Plan on account of any claims that the Debtor, the  
15 Estate, or the Reorganized Debtor may have against the entity holding an Allowed Claim; provided,  
16 however, that neither the failure to effect such a setoff or recoupment, nor the allowance of any Claim  
17 against the Debtor or the Reorganized Debtor, nor any partial or full payment during the Cases or after  
18 the Effective Date in respect of any Allowed Claim, shall constitute a waiver or release by the Debtor,  
19 the Estate or the Reorganized Debtor of any claim that they may possess against such Holder.

20 The Reorganized Debtor reserve the right to pursue claims against lessees, for, among other  
21 things, breach of the lease, past and future rent and damages.

22 a. Claims Estimation

23 Under the Plan, the Debtor has the right to file motions seeking to estimate  
24 Claims, including, without limitation, Secured Claims in accordance with Bankruptcy Code §  
25 502(c)(1). Through such motions, the Debtor can seek a ruling from the Bankruptcy Court estimating  
26 any Claim in a fixed amount for the purpose of voting, allowance and distributions under the Debtor's  
27 Plan. Once Claims have been estimated and allowed for purposes of Distribution at a fixed amount,  
28 Claims will be treated and Distribution reserved based on such fixed amount, subject to any further

1 order upon motion under Bankruptcy Code §502(j) to reconsider the fixed amount allowed. Until  
2 Claims are finally Allowed: (a) such Claims shall not receive any Distribution; and (b) such Claims  
3 shall be reserved in the amount estimated.

4 b. Actual and Projected Recovery of Preferential or Fraudulent Transfers

5 With the exception of the Liftech Avoidance Action, no other preference or fraudulent  
6 conveyance actions are expected to be filed at this time, although the Debtor has not yet completed its  
7 analysis of avoidance actions and the Plan reserves the right to commence such actions. At the current  
8 time, the Debtor is not aware of any other significant avoidance actions. Moreover, the cost of  
9 pursuing such actions may not be justified as at the present time it appears likely that the Case may  
10 result in full payment of unsecured claims.

11 7. Negotiations with Wells/Status of Plan

12 On November 12, 2010, the Debtor filed its *Notice of Motion for Approval of its Disclosure*  
13 *Statement Describing Chapter 11 Plan of Reorganization Proposed by the Debtor, Story Building LLC*  
14 *(Dated November 12, 2010)* [Docket No. 56]. The original hearing on the approval of the Disclosure  
15 Statement has been continued a number of times during the Case pursuant to stipulations of the parties  
16 and order of Bankruptcy Court, during which time the Debtor and Wells have exchanged information  
17 and engaged in negotiations for a consensual plan. On November 17, 2011, the Debtor and Wells filed  
18 a *Stipulation Requesting Seventh Continuance of the Hearing on the Adequacy of the Disclosure*  
19 *Statement Describing Chapter 11 Plan of Reorganization Proposed by Debtor* [Docket No. 121]  
20 (“**Seventh Continuance Stipulation**”), which Seventh Continuance Stipulation was opposed by  
21 creditor, Liftech [Docket No. 122]. As a result, the Court denied the Seventh Continuance Stipulation  
22 by order entered December 6, 2011 [Docket No. 122].

23 On April 3, 2012, the Bankruptcy Court conditionally approved the disclosure statement  
24 proposed by Debtor describing first amended plan, subject to revisions requested by the Bankruptcy  
25 Court and as noted on the record at the hearing held on February 23, 2012, and certain revisions to be  
26 agreed upon by Wells and the Debtor.

27 On April 18, 2012, the final version of the consensual disclosure Statement and first amended  
28 plan were filed with the Bankruptcy Court [Docket No. 158 and 160]. On April 19, 2012, the Debtor

1 filed its proposed Solicitation Package [Docket No. 161]. The Debtor also lodged its proposed order  
2 approving the disclosure statement describing first amended plan.

3 On or about May 25, 2012, counsel for the Debtor received an email correspondence from  
4 James Joseph's informing counsel that he had been appointed chapter 11 trustee in the Safari  
5 Bankruptcy Case by Safari, who is the Debtor's interest holder.

6 Further investigation by the Debtor disclosed that the Safari Bankruptcy Case was initiated to  
7 protect several valuable real estate holdings owned by Safari located in the United States. The US  
8 assets owned by Safari had lapsed into foreclosure as a result of Safari's apparent inability to timely  
9 transfer large sums of money from Iran to the US as a result of enforcement of trade sanctions by  
10 OFAC, which required Safari to obtain a license for such transfers. Unfortunately, there was no  
11 assurance that the licensing approvals would not be obtained in time to prevent potential loss of the  
12 US assets owned by Safari. In addition, Safari asserts that he was not properly advised as to the  
13 potential ramification of a personal chapter 11 on the Story Building case at the time of filing.

14 A review of the schedules of assets and liabilities filed in the individual case reveals that the  
15 primary debts in the Safari Bankruptcy Case are secured; and there is no material unsecured debt other  
16 than a claim asserted by a former spouse. Further, a trustee was appointed in the Safari Bankruptcy  
17 Case after Safari was apparently unable to attend his 341a hearing and comply with some of the UST  
18 reporting requirements. The Debtor is informed that Safari's inability to comply was due in large part  
19 to the fact that Safari is still in Iran and had been denied permission to leave that country during the  
20 applicable period.

21 The Debtor is further advised that the impact of the filing of the individual case on this Case  
22 and on the first amended plan was not fully appreciated by Abraham Mosaddegh or Safari at the time  
23 of filing of the Safari Bankruptcy Case. Safari took prompt steps to dismiss the Safari Bankruptcy  
24 Case, which dismissal motion was granted. The dismissal order has been entered in the Safari  
25 Bankruptcy Case, and is now a Final Order.

26 As of the current time, Wells has unfortunately refused to authorize the Debtor to proceed with  
27 the consensual first amended plan as a result of the filing of the Safari Bankruptcy Case. Wells has  
28 filed Motions to Dismiss Debtor Filed by Creditor Wells Fargo Bank, N.A., a National Banking

1 Association, as Trustee for the Registered Holders of J.P. Morgan Chase Commercial Mortgage  
2 Securities Corp seeking dismissal of the Case as well as a relief from stay motion [Docket Nos. 174 –  
3 186]. Both Motions are predicated primary on alleged bad faith of the Debtor. Both Motions were  
4 initially set for hearing on August 7, 2012; were subsequently continued to October 4, 2012; and  
5 further continued to January 29, 2013, the same date as the hearing on the Disclosure Statement. The  
6 Debtor opposed both Motions, and sought approval of the Disclosure Statement, which was granted.

7 Wells has not consented to this Plan. Nevertheless, the Debtor intends to seek confirmation of  
8 the Plan over Wells objection if permitted an opportunity to do so by the Bankruptcy Court. The  
9 Debtor believes that confirmation of this Plan is in the best interest of creditors. Wells' undoubtedly  
10 will disagree. The Debtor asserts that dismissal will likely result in a foreclosure which is clearly not  
11 in the best interest of creditors and parties in interest. Furthermore, the Debtor believes that a sale at  
12 this time is also not in the best interest of creditors and parties in interest, particularly in light of Wells  
13 ability to credit bid its claim.

14 Steps are being taken to ensure feasibility of the Plan in this Case, and the Debtor will put  
15 forward evidence of such steps at the Confirmation Hearing, which include, among other safeguards:

- 16 • Safari has dismissed the Safari Bankruptcy Case.
- 17 • To that end, cash required for payment of claims necessary to effectuate dismissal of the  
18 Safari Bankruptcy Case was contributed by Gholam-Ali Safari on behalf of Safari.
- 19 • Safari's father, Gholam-Ali Safari, will become the New Value Contributor.
- 20 • Gholam-Ali Safari has become the new manager of the Debtor.
- 21 • Gholam-Ali Safari will enter into the New Value Contribution Agreement, which obligates  
22 him to make the New Value Contributions, including those to be used to fund payments to  
23 Class 1B, 1C, 1D and 4 and for taxes and insurance.
- 24 • Special counsel has been retained by Gholam-Ali Safari to pursue the necessary OFAC  
25 approvals required for future New Value Contributions necessary to fund the Plan, at no  
26 cost to this Estate.
- 27 • Prior to the hearing on Confirmation, the New Value Deposit of at least \$650,000 will be  
28 deposited into the trust account of CMKF to be used for, among other things, funding  
Effective Date payments and the balance to be made available for payments required to be  
made after the Effective Date.

- On or after the Effective Date, a portion of the New Value Deposit will be used to cover the tax installments due on the Story Building Property on December 10, 2012 and April 10, 2103 as well as the real estate insurance premiums due after the Effective Date.
- The New Value Deposit will be increased, if necessary, as required by the Bankruptcy Court in connection with Confirmation.

The uncertainties surrounding the foregoing feasibility efforts, have been mainly resolved. OFAC has approved the license to Gholam-Ali Safari to transfer money six million dollars from Iran to the United States. The Debtor believes that the six million dollars in New Value Contributions should be sufficient under the Plan. The analysis of this is discussed in greater detail later in the Disclosure Statement.

#### 8. Wells Disputed Penalty Claim

Pursuant to Claim No 2 filed July 20, 2010, Wells asserts, in addition to other amounts and charges, default interest of \$298,669.41; late charges of \$16,245.93; and a “prepayment premium” of \$1,556,512.36. The prepayment premium is due on sale. In all, Wells asserts penalties of approximately \$1,871,428 as a consequence of default. In documents recently filed in the Bankruptcy Court, Wells asserts significant additional charges be added to its Claim.

The Debtor disputes these penalties on a number of grounds. The Debtor disputes what is referred to as a “prepayment premium” that has been added to the amount of Wells’ proof of claim. Wells Note purports to apply the “prepayment premium” where there is acceleration under the Wells Note by an event of default. Wells Proof of Claim is devoid of any calculation, which shows how the amount of the disputed penalty was calculated for purposes of such claim. Therefore, it is impossible for the Debtor or interested parties to fully analyze Wells’ calculations or formula.

Regardless, the Debtor contends that the amount stated in the Wells Claim for penalties as a consequence of default is not reasonable. The Debtor asserts that the disputed penalty is an excessive penalty, which should be disallowed under both California law and applicable Bankruptcy law.

The Debtor contends that if construed in the manner suggested by Wells in its proof of claim, it would nullify the any notion of a “yield maintenance curve” typically found in notes containing enforceable pre-payment premiums, so as to avoid being construed as unenforceable penalties.



1 Accordingly, the Debtor asserts that Wells' disputed penalty is unenforceable because it constitutes an  
2 unlawful penalty under California Civil Code § 1671(b).

3 Even where allowable under California law, Bankruptcy law still requires the penalty to be  
4 reasonable. Therefore, the Debtor also asserts that the disputed penalty is an unreasonable charge and  
5 should be disallowed under Bankruptcy Code § 506(b) as well.

6 The Debtor includes this discussion for disclosures purposes. The Debtor has filed an  
7 objection to Wells Claim. Section VI contains estimations based on certain assumptions as to the  
8 amount of Wells' potential claim.

9 It is entirely possible that the Bankruptcy Court may overrule the Debtor's objection and find  
10 for Wells. If Wells were to prevail, its Claim will be substantially higher. In recent filings with the  
11 Bankruptcy Court, Wells has asserted its Claim to be \$14,570,992. Among other thing, this will result  
12 in an increase in per diem interest required to be paid to Wells under the Plan, which will increase the  
13 Class 1A Interest Payments to Wells. Based on this increased claim amount, the amount of the Class  
14 1A Interest Payments could increase from approximately \$55,000 per month to \$60,800 per month or  
15 more. This will in turn increase projected operating expenses by approximately \$69,000 annually.  
16 Likewise, the Bankruptcy Court may conclude that the applicable discount rate is higher or lower. If  
17 the Bankruptcy Court concludes that a higher discount rate is appropriate, it will also result in an  
18 increase in the required Class 1A Interest Payments.

19 Furthermore, the Plan contemplates a balloon payment due upon maturity under the Plan. The  
20 increased claim of Wells could affect the Debtor's ability to obtain the Takeout Loan necessary to pay  
21 Wells in full upon maturity by increasing the loan to value ratio of the Story Building Property.  
22 Section VI below contains a more detailed discussion as to the required balloon payment on maturity  
23 based on a several assumptions depending on the amount of Wells' Claim.

24 The Plan contains a number of provisions designed to counteract these risks. Therefore, the  
25 Debtor does not believe that the outcome respecting the disputed penalty will impair feasibility of the  
26 Plan one way or the other, although it does perhaps impact the liquidation analysis due to the  
27 significant impact on the amount of Wells claim as well as the resulting proceeds of any hypothetical  
28

1 sale of the Story Building Property, which would be available for creditors and interested parties  
2 should the disputed penalty be Allowed in favor of Wells.

3 Since the operating income of the Story Building Property substantially exceeds the Class 1A  
4 Interest Payment, the Debtor believes that it can continue to make the Class 1A Interest Payment  
5 regardless of whether the Class 1A Interest Payment increase by virtue of the increased claim of Wells  
6 or increased discount rate. However, the New Value Contribution may need to be increased to meet  
7 this additional expense burden, which the New Value Contributor has committed to do. In addition,  
8 the Debtor has recently been successful in increasing operating income by entering into new leases  
9 and has decreased operating expenses. See, Section VI.

10 **E. DESCRIPTION OF THE DEBTOR'S ASSET**

11 1. Real Estate.

12 The Debtor's primary asset is the Story Building Property, which is a 13 story historical  
13 building located in Downtown, Los Angeles, known as the Walter P. Story Building, located at 610 S.  
14 Broadway. The Story Building Property is primarily utilized as a jewelry plaza.

15 This is a unique Chapter 11 case in the present economy because it is undisputed that the Story  
16 Building Property has substantial equity even in today's market. The original purchase price for the  
17 Story Building Property was approximately \$27,700,000. The Story Building Property was valued at  
18 over \$30,000,000 in 2008.

19 While the real estate market may have experienced a general decline since 2007, the Debtor  
20 believes that values appear to have stabilized recently. Moreover, a meritorious argument exists that  
21 the Story Building Property has not declined commensurate with general market conditions due to the  
22 uniqueness of the building, its historical significance, and its unique use, among other reasons.

23 The Story Building Property is an *historic* landmark building that was built over 100 years ago.  
24 The Story Building Property is one of the very few buildings on Broadway with its own parking  
25 structure. The Story Building Property is also one of the few buildings in Los Angeles that is qualified  
26 for F1, which permits manufacturing. The Story Building Property contains a treatment room and  
27 filtration which is necessary for jewelry manufacturing and environmental protection. The cost to  
28 qualify the building is well over \$3 million. In addition, there is also a widely publicized multi-billion

1 dollar city and redevelopment commitment to the City's "Bring Broadway Back to Life" campaign.  
2 The Story Building Property is located in the heart of the planned redevelopment and is a planned stop  
3 for the proposed cable-car project.

4 Assuming arguendo a decline consistent with the market, the Debtor nevertheless believes that  
5 the current fair market value of the Story Building Property based on the current occupancy is  
6 approximately \$16,000,000. The Debtor intends to submit an appraisal in connection with the  
7 Confirmation Hearing, as well as introduce appraisal testimony respecting the valuation of the  
8 property.

9 The foregoing opinion as to the value of the Story Building Property is based solely on the  
10 Debtor's opinion as to such value. That the Story Building Property maintains significant value in this  
11 market is attributable to, among other things, the sizable amount of cash paid by the Debtor at the time  
12 of purchase as well as invested subsequent to closing. Of the original \$27,700,000 purchase price, the  
13 Debtor paid \$17,699,894.50 in cash and also assumed an existing loan which had a balance at closing  
14 of \$12,369,823.36. With added costs at the time of closing, the total consideration at closing came to  
15 \$30,069,717.86. In addition, the Debtor has spent approximately \$4,500,000 improving the Story  
16 Building Property subsequent to closing. To the best of Debtor's knowledge, Wells has thus far  
17 expressed no opinion as to the value of the Story Building Property as of the date of the Disclosure  
18 Statement, and neither agrees nor disagrees with the Debtor's valuation.

19 The Story Building Property has lease space for approximately 200 tenants (excluding the  
20 penthouse which occupies the 12<sup>th</sup> and 13<sup>th</sup> floor as renovations of the penthouse are not yet complete).  
21 The first floor plaza is dedicated to retail and the 2<sup>nd</sup> through 11<sup>th</sup> floor dedicated to jewelry  
22 manufacturing and repair. The Story Building Property's historical occupancy rate is 90% or better.  
23 Due to the poor economy for the jewelry industry, the occupancy rate dipped to approximately 60%  
24 and has remained there for most of the Case.

25 Until recently, there were 118 tenants. The Plaza had 48 booths occupied and 14 vacancies.  
26 The remainder of the Story Building Property has 68 manufacturing and repair tenants, 1 office and 1  
27 parking lot tenant. In addition to the temporary dip in occupancy rates, the Debtor was forced to  
28 accommodate tenant cash flow respecting the collection of rent due to the poor economy. The Debtor

1 recently signed a number of new leases, discussed later in this Disclosure Statement. There are  
2 currently 124 tenants.

3 Wells asserts a Secured Claim against the Story Building Property and its rental income  
4 pursuant to the Wells Note, Wells Deed of Trust and Wells Assignment of Leases and Rents.

5 The principal balance of the Wells Note is approximately \$11,561,397. The non-default  
6 interest rate under the Note is 5.6%. The Wells Note calls for payments of principal and interest at the  
7 rate of \$81,229.66.

8 As explained earlier in the Disclosure Statement, the Debtor is making the Adequate Protection  
9 Payments to Wells at the non-default interest rate specified in the Loan Documents at a per diem rate  
10 of \$1,798.44. The amount of each monthly Adequate Protection Payment varies depending upon the  
11 actual number of days in each month, although the approximate amount of the monthly payment has  
12 averaged approximately \$53,000. The approximate amounts of the Adequate Protection Payments are  
13 as follows:

<b>Payment Amount</b>	<b>Date</b>
\$46,759.44	June 2010
\$52,154.76	July 2010
\$53,940.00	August 2010
\$55,751.00	September 2010
\$55,751.00	October 2010
\$55,751.00	November 2010
\$53,953.20	December 2010
\$55,751.64	January 2011
\$55,751.64	February 2011
\$50,356.32	March 2011
\$55,751.64	April 2011
\$53,953.20	May 2011
\$53,953.20	June 2011

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<b>Payment Amount</b>	<b>Date</b>
\$55,751.64	July 2011
\$55,751.64	August 2011
\$55,751.64	September 2011
\$53,953.20	October 2011
\$55,751.64	November 2011
\$53,953.20	December 2011
\$55,751.64	January 2012
\$52,154.76	February 2012
\$52,154.76	March 2012
\$55,751.64	April 2012
\$53,953.20	May 2012
\$53,953.20	June 2012
\$53,953.20	July 2012
\$55,751.64	August 2012
\$55,751.64	September 2012
\$53,953.20	October 2012
\$55,751.64	November 2012
\$53,953.20	December 2012
\$55,751.64	January 2013
<b>Approximate Total as of January 2013 - \$1,740,877</b>	

In addition, approximately \$300,000 of New Value Contributions have already been made on behalf of Safari since the Petition Date, which were used for purposes of paying real property taxes and insurance for the benefit of Wells and the bankruptcy estate.

The following Creditors assert involuntary liens, which are disputed for various reasons

1 discussed below, and which are treated in separate subclasses under Class 1.

2 Blackhawk asserts a Secured Claim in the approximate amount of \$64,593;  
3 Liftech asserts a Secured Claim in the amount of \$246,708; and  
4 USV asserts a Secured Claim in the approximate amount of \$64,027.

5 Although USV filed a mechanics lien, it failed perfect by filing a timely lawsuit.

6 The City of Los Angeles in 2011 issued notices of non-compliance to Story Building regarding  
7 the awnings and signage on the exterior of 610 South Broadway, the lack of fire doors within the  
8 interior, and F-1 code compliance issues. The Debtor complied with the notices regarding the awnings  
9 and signage by their removal. The required fire doors were installed, patched into the alarm and  
10 completed by August 2012.

11 The compliance issues with the F-1 code designation are currently pending before the City of  
12 Los Angeles. After receiving the notice from the City of Los Angeles, the Debtor retained the services  
13 of a plumbing engineer to diagram the “as built” plumbing schematics of Story Building. After  
14 completion of the plumbing engineer’s work, an Application for Plumbing Plan Check and Inspection  
15 (“Plumping Application”) was submitted to the City of Los Angeles on or about September 7, 2012  
16 and is still pending. The Debtor expects to hear from the City of Los Angeles in the next six to eight  
17 weeks with respect to its Plumping Application.<sup>1</sup> Although the Debtor initially estimated that this  
18 process could cost upwards of \$300,000, after further review of the project by the new management,  
19 and after commencement of the initial work, the revised estimate for this work is that it will cost no  
20 more than \$50,000 to \$75,000. The New Value Contributor has so far paid about \$10,000 towards the  
21 costs of this project and intends to personally pay the remaining costs of the project, which is in  
22 progress.

23 In prior years, the Debtor applied to the AQMD for a variance to use its emergency diesel  
24 engine for the fire pump and the emergency diesel engine for its emergency generator for electricity  
25 for Story Building. It should be stressed that both of these diesel engines would be used only under

26  
27 <sup>1</sup> Previously, the building had installed a water treatment system that treated all manufacturing waste water, to remove  
28 heavy metals and other toxic materials, before releasing the remaining water into the sewer. The system is monitored daily  
by the building, monthly by an independent laboratory and quarterly, by the City of Los Angeles to ensure that no toxic  
materials are being released into the sewer system.

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1 emergency conditions. The emergency diesel engine is required to maintain water pressure at 750 psi  
2 in the fire sprinkling system. The application for variance was required because the emissions from  
3 these two emergency diesel engines do not meet the current existing emission standards set by the  
4 AQMD. The Debtor was notified by the AQMD in mid-August that the Debtor's application for a  
5 variance for these two emergency diesel engines was denied. The Debtor investigated the cost and  
6 expense of acquiring two engines and whether it will also need to replace the fire pump or whether the  
7 newly acquired engine will be compatible with the current fire pump. It has been determined that the  
8 Debtor will need to replace the fire pump. The Debtor has received a proposal by Aztec Fire  
9 Protection, Inc. for the cost and installation of a new diesel fire pump. The price for the design and  
10 installation of the new diesel fire pump is \$32,000. Its price for the purchase and delivery of the new  
11 diesel fire pump is \$62,760.00. The Debtor has submitted Aztec Fire Protection, Inc.'s to the AQMD  
12 for approval. Once approved, the Debtor will have the work done by Aztec Fire Protection, Inc.

13 The New Value Contributor was apprised of the implications of the AQMD's denial of the  
14 Debtor's request for a variance. Therefore, the New Value Contributor has agreed to fund the  
15 necessary cost for the acquisition of the fire pump. Accordingly, a variance will no longer be required.  
16 The cost of Aztec Fire Protection, Inc.'s work is included in the projection of the New Value  
17 Contribution discussed in the financial section of the Disclosure Statement.

## 18 2. Personal Property.

19 In addition to the Story Building Property, the Debtor's non-real estate assets include the  
20 following:

21 Cash of \$96,482.00 as of September 30, 2012. The projected cash to be available at  
22 confirmation is estimated at \$110,543. The cash balance reflects the actual balance in the Debtor in  
23 Possession operating account as of the specified date derived from operations. The cash balance is  
24 subject to fluctuation, including adjustments for outstanding expense checks. For example, for the  
25 period ending June 30, 2012, the receipts and cash on hand aggregate \$202,117 and the disbursements  
26 during such period were \$137,683. Wells asserts that the foregoing cash on deposit is its cash  
27 collateral.

28 The Debtor's assets include equipment, cabinetry, shelving, showcases and accessories, which

1 in the Debtor's opinion have a value of approximately \$2 million, exclusive of the fixtures and  
2 improvements to the Story Building Property. In addition, Wells also asserts a lien against personal  
3 property pursuant to a Financing Statement, which personal property includes improvements,  
4 equipment, easements, furniture, fixtures, goods, inventory, appurtenances, materials, water rights,  
5 utilities, minerals, General Intangibles (as defined in the Wells Deed of Trust), accounts, awards, and  
6 other items and personal property derived therefrom or used in connection therewith, as defined and as  
7 more particularly set forth in the Wells Deed of Trust (together with the Land and the Improvements).

8 The Debtor also has an interest in Rights of Action. However, the Debtor does not believe that  
9 these have significant value, other than as offsets to claims asserted by such parties in interest.

10 **IV.**

11 **SUMMARY OF THE PLAN OF REORGANIZATION**

12 **A. GENERAL STATEMENT ABOUT CLASSIFICATION UNDER THE PLAN**

13 As required by the Bankruptcy Code, the Plan classifies Claims and Interests in various  
14 Classes according to their right to priority. The Plan states whether each Class of Claims or Interests  
15 is impaired or unimpaired. The Plan provides the treatment that each Class will receive.

16 **B. UNCLASSIFIED CLAIMS**

17 Certain types of Claims are not placed into voting Classes; and instead they are referred to as  
18 "unclassified". Unclassified Claims are not considered impaired and are not entitled to vote on the  
19 Plan because such Claims are automatically entitled to specific treatment provided in the Bankruptcy  
20 Code. As such, the Debtor has not placed the following Claims into a Class.

21 **Administrative Expenses**

22 Administrative expenses are Claims for costs or expenses of administering the Debtor's  
23 Chapter 11 Case which are Allowed under Bankruptcy Code §§503(b) and 507(a)(1), including,  
24 without limitation, (i) the actual, necessary costs and expenses incurred after the commencement of the  
25 Debtor's Chapter 11 Case, including unpaid property tax and other Tax Claims, and (ii) compensation  
26 for legal and other services and reimbursement of expenses awarded pursuant to Bankruptcy Code §§  
27 330(a), 331 or 1103 of the Bankruptcy Code. The Bankruptcy Code requires that all Administrative  
28 Claims be paid on the Effective Date of the Plan, unless a particular claimant agrees to a different

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1 treatment.

2 The extent and amount of Administrative Claims listed below are a projection of amounts  
3 reasonably expected to be unpaid as of the Effective Date, and will be supplemented based upon fee  
4 applications filed by the professionals, and actual Tax Claims, if any. The following chart lists all of  
5 the Debtor's Bankruptcy Code §§ 503(b) and 507(a)(1) Administrative Claims and their treatment  
6 under the Plan:

<u><b>NAME</b></u>	<u><b>AMOUNT OWED (Estimated)<sup>2</sup></b></u>	<u><b>ESTIMATE OF ADDITIONAL FEES THROUGH CONFIRMATION</b></u>	<u><b>TREATMENT</b></u>
<b>CMKF</b>	\$141,772	\$30,000	On the later of the Effective Date or the date allowed by the Bankruptcy Court, the Allowed Claim shall be paid in full in Cash as required under Bankruptcy Code §1129(a)(9)(A).
<b>Biggs &amp; Co.</b>	\$7,500	\$5,500	On the later of the Effective Date or the date allowed by the Bankruptcy Court, the Allowed Claim shall be paid in full in Cash as required under Bankruptcy Code §1129(a)(9)(A).
<b>Appraiser/Experts</b>	\$0	\$15,000	On the later of the Effective Date or the date allowed by the Bankruptcy Court, the Allowed Claim shall be paid in full in Cash as required under Bankruptcy Code §1129(a)(9)(A).
<b>Clerk's Office Fees</b>	\$0		Unless otherwise agreed by the administrative claimant, payment in full of Allowed Claim, in Cash, on the later of the Effective Date or the date allowed by the Bankruptcy Court.
<b>Office of the U.S. Trustee Fees</b>	\$0		Unless otherwise agreed by the administrative claimant, payment in full of Allowed Claim, in Cash, on the later

2 Amounts indicated in this column reflect the balance of interim fees accrued and unpaid after deduction of pre-petitioner retainers through June 2012.

<u>NAME</u>	<u>AMOUNT OWED</u> <i>(Estimated)</i> <sup>2</sup>	<u>ESTIMATE OF</u> <u>ADDITIONAL</u> <u>FEES THROUGH</u> <u>CONFIRMATION</u>	<u>TREATMENT</u>
			of the Effective Date or the date allowed by the Bankruptcy Court.
<b>TOTAL ADMINISTRATIVE EXPENSES</b>			<b>\$199,772</b>

The professional fee and expense estimate for CMKF set forth above is arrived at as follows. CMKF received a pre-petition retainer, the balance of which was \$31,034 as of the Petition Date. Pursuant to interim fee order entered May 16, 2011 [Docket No. 97], CMKF was approved for interim fees and expenses in the amount of \$102,422.60 for the period commencing on the Petition Date through January 31, 2011. CMKF received payments aggregating \$68,000 through February 29, 2012. As of June 2012, CMKF's outstanding unpaid fees and expenses after application of the pre-petition retainer and post-petition payments is approximately \$141,772. In addition, CMKF projects incurring an additional \$30,000 in fees and expenses through the Effective Date, although there could be material variation in the projected amount. However, it is anticipated that the sum of \$8,000.00 per month will be segregated for CMKF from the Cash Collateral through the Effective Date, and these amounts will offset the fees owed to CMKF.

In addition to the New Value Deposit, the New Value Contributor shall contribute additional funds on or before the Effective Date as is necessary for payment of appraisers and experts retained by the Debtor in connection with confirmation. Although the projected amount of fees and costs for appraisers and experts is accounted for in the foregoing chart, it has not been included within the Administrative Claim Funding Amount (as defined below) as it will be paid from separate funds.

The aggregate amount of Cash required to pay in full all of the foregoing Administrative Claims is referred to hereinafter collectively as the "**Administrative Claims Funding Amount**". The aggregate amount of Cash required to pay in full Administrative Claims Funding Amount is approximately \$184,772, which will be paid first from Cash on hand and the New Value Contribution.

In addition to the New Value Deposit, the Debtor asserts that cash collateral may be used to

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1 pay professionals pursuant to the final cash collateral stipulation, which provides as follows:

2 Professional Fee Budget: The Debtor is authorized to use cash collateral for purposes of paying  
3 professional fees and expenses incurred by the Debtor from the Petition Date through the  
4 effective date of any confirmed plan, whenever such fees and expenses are approved by the  
5 Court, (even if such approval takes place after a Termination Event or after termination of cash  
6 collateral use), not to exceed \$15,000 per month on a cumulative basis retroactive to the  
7 Petition Date (“Professional Fee Budget”), in excess of any retainers received by such  
8 professionals, except that Lender does not consent to the Debtor’s use of cash collateral to pay  
9 for any professional fees or expenses related to actions, proceedings or claims that challenge  
10 the validity, priority, perfection, enforceability or avoidability of Lender’s claims, loans, or  
11 security interests, or any rights granted to Lender pursuant to this Final Stipulation.

12 The Debtor is uncertain as to Wells’ position in this regard. Therefore, interested parties  
13 should be aware that Wells may contest this argument.

14 a. Bankruptcy Court Approval of Fees Required

15 The Bankruptcy Court must rule on all fees listed in the above chart before the fees will be  
16 Allowed. All requests for professional compensation for professionals employed pursuant to  
17 Bankruptcy Code § 327 must be requested by applications for final allowance of compensation and  
18 reimbursement of expenses. Only the amount of fees approved by the Bankruptcy Court will be  
19 Allowed and required to be paid under the Plan. Any objection to Administrative Claims for  
20 professional compensation for professionals employed pursuant to Bankruptcy Code § 327 shall be  
21 filed on or before the date specified in the application for final compensation and reimbursement of  
22 expenses.

23 Professional fees and expenses incurred after the Effective Date will not require Bankruptcy  
24 Court approval, and may be billed and paid in the order course of business of the Reorganized Debtor.

25 b. Allowance Of Other Administrative Claims

26 Pursuant to the Plan, the Administrative Claims Bar Date is a date set forth in the Confirmation  
27 Order. All Administrative Claims (excluding professional compensation for professionals employed  
28 pursuant to Bankruptcy Code § 327) must have been asserted by the filing of a proof of claim (i)  
designated as a request for payment of Administrative Expenses, (ii) asserting that such claim is  
allowable pursuant to Bankruptcy Code § 503(b), (iii) stating the amount of such claim, (iv) stating the  
basis of such claim, and (v) attaching documentation in support of such claim. Any objection to any

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1 Administrative Claim (excluding those to professional compensation for professionals employed  
2 pursuant to Bankruptcy Code § 327) must be filed within one-hundred and twenty (120) days from the  
3 date such Administrative Claim is filed.

4 HOLDERS OF ADMINISTRATIVE CLAIMS (INCLUDING, WITHOUT  
5 LIMITATION, PROFESSIONALS) REQUESTING COMPENSATION OR  
6 REIMBURSEMENT OF EXPENSES THAT DO NOT FILE SUCH REQUESTS BY  
7 THE ADMINISTRATIVE CLAIMS BAR DATE SHALL BE FOREVER BARRED  
8 FROM ASSERTING SUCH CLAIMS AGAINST THE DEBTOR, THE DEBTOR'S  
9 ESTATE, REORGANIZED DEBTOR OR PROPERTY OF REORGANIZED DEBTOR.

8 **Unclassified Priority Claims**

9 Priority Claims are certain types of Claims entitled to priority under the Bankruptcy Code.  
10 Certain types of Priority Claims are unclassified. Unclassified Priority Claims are not entitled to vote  
11 because such claims are not placed in Classes and they are required to receive certain treatment  
12 specified by the Bankruptcy Code.

13 Unclassified Priority Claims include Priority Tax Claims. Priority Tax Claims are certain  
14 unsecured claims of governmental entities for taxes, based on income, employment and other taxes  
15 described by Bankruptcy Code § 507(a)(8). The Bankruptcy Code requires that each Holder of such a  
16 Section 507(a)(8) Priority Tax Claim receive the present value of such Claim in deferred Cash  
17 payments, over a period not exceeding not exceeding five years from the Petition Date. The Debtor  
18 believes that there are no Priority Tax Claims. The Internal Revenue Service has filed a claim (POC  
19 No. 1) in the amount of \$995.45 in priority taxes, and \$600 in unsecured taxes. POC No. 1 appears to  
20 be a precautionary proof of claim for “unassessed liability”. The Debtor does not believe any amounts  
21 are owed to the Internal Revenue Service. Nevertheless, such IRS Claim is provided for below in the  
22 event that the Debtor cannot resolve such claim.

23 The following chart lists all of the Debtor's Unclassified Priority Claims and their treatment  
24 under the Plan.

<i><b>DESCRIPTION</b></i>	<i><b>AMOUNT OWED (Estimated)</b></i>	<i><b><u>TREATMENT</u></b></i>
<b>COUNTY ASSESSOR OF LOS ANGELES</b>	\$0	Unless otherwise agreed by Reorganized Debtor and the claimant, the Holder of the Allowed Claim in this Class shall receive the full amount of its Allowed Claim plus interest

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<b><i>DESCRIPTION</i></b>	<b><i>AMOUNT OWED (Estimated)</i></b>	<b><u>TREATMENT</u></b>
<p>Type of Priority Claim:</p> <p>Priority Tax Claim (Pre-petition property taxes)</p> <p>Estimated Amount = \$0</p>		<p>at the rate of 7% accruing as of the Effective Date, payable as follows:</p> <p>(A) Thirteen (13) quarterly installments each in an amount equal to 1/13 of the Allowed Claim on February 28, May 31, August 31 and November 30 (or the first Business Day thereafter) of each calendar year, commencing on a date which is the first such date after the Effective Date and continuing on each such date thereafter; and,</p> <p>(B) One (1) payment of the unpaid principal balance of the Allowed Claim plus all accrued and unpaid interest on May 17, 2015.</p> <p>In the sole and absolute discretion of the Debtor or Reorganized Debtor, the Allowed Claim in this Class may be paid in full at any time on or after the Effective Date.</p>
<p><b>IRS</b></p> <p>Type of Priority Claim:</p> <p>Priority Tax Claim (Income)</p>	<p>\$995.45 per POC No. 1</p>	<p>Unless otherwise agreed by Reorganized Debtor and the claimant, the Holder of the Allowed Claim in this Class shall receive the full amount of its Allowed Claim plus interest at the rate of 4% accruing as of the Effective Date, payable as follows:</p> <p>(A) Thirteen (13) quarterly installments each in an amount equal to 1/13 of the Allowed Claim on February 28, May 31, August 31 and November 30 (or the first Business Day thereafter) of each calendar year, commencing on a date which is the first such date after the Effective Date and continuing on each such date thereafter; and,</p> <p>(B) One (1) payment of the unpaid principal balance of the Allowed Claim plus all accrued and unpaid interest on May 17, 2015.</p> <p>In the sole and absolute discretion of the Debtor or Reorganized Debtor, the Allowed Claim in this Class may be paid in full at any</p>

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<i>DESCRIPTION</i>	<i>AMOUNT OWED (Estimated)</i>	<u><i>TREATMENT</i></u>
		time on or after the Effective Date.
<b>LIFTECH</b>  Unclassified Priority Claim (Disputed)	\$8,700 per POC No. 4	<p><b>Option 1 Treatment:</b> In the event Liftech (a) executes and delivers a timely Ballot accepting the Plan in each such Class in which it asserts a Claim including, without limitation, Class 4, and (b) enters into an agreement to complete the elevators located on the Story Building Property pursuant to agreement between Liftech and the Debtor, then on the Effective Date, Liftech shall receive \$8,700 in full and complete satisfaction of its Priority Claim.</p> <p><b>Option 2 Treatment:</b> Alternatively, on the later of the Effective Date or the date Allowed by the Bankruptcy Court, the Allowed Priority Claim of Liftech shall be paid in full in Cash.</p> <p>In the event there is no Final Order determining the Allowed Unclassified Priority Claim of Liftech as of the Effective Date, the sum of \$9,000 shall be deposited into the Liftech Reserve Account pending Final Order or agreement determining the Allowed Unclassified Priority Claim of Liftech. The proceeds of the Liftech Reserve Account attributable to the Allowed Unclassified Priority Claim (plus interest accruing thereon from the Effective Date until such Distribution calculated at the rate of 2.25% per annum, or such other rate as determined by the Bankruptcy Court) shall be distributed to Liftech within five (5) Business days after the Final Order Allowing such Unclassified Priority Claim.</p>

**C. CLASSIFIED CLAIMS AND INTERESTS**

**Classes of Secured Claims**

<i>CLASS NO.</i>	<i>DESCRIPTION</i>	<i>IMPAIRED (Y/N)</i>	<i>TREATMENT</i>
<b>1A</b>	<b>Secured Claim of WELLS</b>  Collateral description = Security interest in the Wells Collateral	Class 1 is impaired.	On the Effective Date, the Story Building Property shall be vested in the Reorganized Debtor, subject to the lien securing the Allowed Claim of Class 1A, to the extent valid, perfected and unavoidable; and to the extent of the value of the claimholder's interest in the collateral as determined under Bankruptcy Code §506(a).

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CLASS NO.	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
	<p>Debtor's Estimate of the Fair Market Value of Wells Collateral = \$18,000,000 (which includes personal property)</p> <p>Scheduled D Claim amount = \$11,561,304.78</p> <p>Filed Claim Amount = \$13,716,732.91 per POC No. 2</p> <p><b>Secured Wells Allowed Claim</b> = To the extent of the value of such claimholder's interest in the collateral as determined under Bankruptcy Code §506(a), approximately in excess of <b><u>\$12,618,257.30</u></b> (which estimated amount, includes, among other things, principal, non-default interest, attorneys' fees and costs, advances, and other amounts asserted by Wells as a consequence of pre-Effective Date default).</p> <p>The Debtor and Wells may stipulate to the Wells Allowed Claim as set forth in <b><u>Exhibit 6</u></b>. If they are unable to reach agreement, the Debtor reserves the right to seek Confirmation under Bankruptcy Code §1129(b) and seek to have the amount of such Allowed Claim determined by the</p>		<p>On the Effective Date or as soon thereafter as practicable, the Holder of the Allowed Class 1A Claim shall receive on account of such Allowed Claim:</p> <p><b>Retention of Lien Rights.</b> The lien to which the Holder of such Allowed Class 1A Claim is entitled shall remain in place and unaltered by the Plan;</p> <p><b>Class 1A Interest Payments.</b> Commencing on the eleventh (11<sup>th</sup>) day of the first full month after the Effective Date, and continuing until the later of December 31, 2015 or the Extended Wells Maturity Date, as applicable, Class 1A Interest Payments shall be made to the Holder of the Allowed Secured Claim in Class 1A. All Class 1A Interest Payments will be due monthly on the 11<sup>th</sup> day of the month. The grace period provided under the Wells Loan Documents shall apply to all Class 1A Interest Payments. The Wells Loan Documents shall be deemed modified to provide for the payment of the Class 1A Interest Payments consistent with the Plan in lieu of the former payment of principal and interest. In the event that Wells delivers a Ballot accepting the Plan, the interest rate of 5.6% shall apply through all Extended Wells Maturity Date. Otherwise, the applicable rate of interest shall be determined by the Bankruptcy Court. Notwithstanding the foregoing, the proper allocation of the payment to interest or principal shall be determined by the Bankruptcy Court depending upon the determination of the amount of the Allowed Secured Claim and whether or not it is determined to be oversecured or undersecured</p> <p><b>Wells Principal Reduction Payment.</b> On or before December 31, 2014, the Holder of the Allowed Secured Claim in Class 1A shall receive a Wells Principal Reduction Payment.</p> <p><b>Final Principal Reduction Payment.</b> Prior to the Second Extended Wells Maturity Date, the Final Principal Reduction Payment will be made, if necessary, in such amount as is necessary to obtain the Takeout Loan. .</p>

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CLASS NO.	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
	Bankruptcy Court.  General Unsecured Claim = \$0		<p><b>Final Payment of Wells Allowed Claim.</b> On the later of December 31, 2015 or on the Extended Wells Maturity Date, as applicable, the Holder of the Allowed Secured Claim in Class 1A shall receive one (1) final payment of the balance of the Wells Allowed Claim in full and final satisfaction (“<b>Wells Final Payment</b>”).</p> <p><b>Extended Wells Maturity Date.</b> The initial maturity date under the Wells Loan Documents shall be extended to December 31, 2015.</p> <p>The maturity date of December 31, 2015 under the Wells Loan Documents shall be further extended to the First Extended Wells Maturity Date; provided that (a) there is no Material Default; (b) on December 31, 2015, the Holder of the Class 1A Allowed Claim has received a payment or payments equal to the Wells Principal Reduction Payment; and, (c) that on December 31, 2015, the First Extension Fee has been paid to the Current Special Servicer (or then acting special servicer of the Wells Loan Documents). Current Special Servicer’s receipt of the First Extension Fee and Wells Principal Reduction Payment are conditions precedent to the effectiveness of the First Extended Wells Maturity Date.</p> <p>The First Extended Wells Maturity Date shall be further extended to the Second Extended Wells Maturity Date; provided that (a) there is no Material Default; (b) on December 31, 2016, the Holder of the Class 1A Allowed Claim has received a payment or payments equal to an additional Wells Principal Reduction Payment; and (c) that on December 31, 2016, the Second Extension Fee has been paid to the Current Special Servicer (or then acting special servicer of the Wells Loan Documents). Current Special Servicer’s receipt of the Second Extension Fee and Wells Principal Reduction Payment are conditions precedent to the effectiveness of the Second Extended Wells Maturity Date through December 31, 2017.</p> <p>To the extent that after the Effective Date, if any further documentation is needed for any Extended Wells Maturity Date, the Reorganized Debtor shall pay the Current Special Servicer</p>



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CLASS NO.	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
			<p>(or the then acting special servicer, or Wells if the master servicer has taken over administration of the loan from the Current Special Servicer and has timely notified the Reorganized Debtor of the same) reasonable attorneys' fees and expenses incurred.</p> <p><b>Wells Net Rental Income/Wells Advance Reimbursement Amount.</b> After the Effective Date, One Hundred percent (100%) of Net Rental Income, if any, for calendar years 2012, 2013, 2014 and 2015 (and during any Extended Wells Maturity Date), as determined on January 15<sup>th</sup> of the following applicable year ("<b>Wells Net Rental Income</b>"), will be paid to Wells and applied to the Wells Advance Reimbursement Amount. Upon payment in full of the Wells Advance Reimbursement Amount, the Wells Net Rental Income due for the aforementioned periods shall delivered to Wells be held by Wells in an interest bearing account; and shall be applied by Wells to the Wells Principal Reduction Payment due on December 31, 2015 and/or December 31, 2016, as applicable. Notwithstanding the foregoing, it shall not constitute a Material Default or a Plan Default (as defined below) if there is no Net Rental Income available for such purpose. The unpaid balance, if any, of the Wells Advance Reimbursement Amount shall be due and owing, and paid in full upon the earlier of (a) a sale or disposition or refinance of the Story Building Property (either voluntary or involuntary), (b) the maturity date of December 31, 2015, or (c) the Extended Wells Maturity Date, as applicable.</p> <p><b>Wells Quarterly Reports.</b> After the Effective Date through the December 15, 2015 maturity date or the Extended Wells Maturity Dates, as applicable, the Reorganized Debtor shall provide reports to the Current Special Servicer on a quarterly basis on January 31, April 30, July 31 and October 31, commencing on the first such date which is at least 90 days after the Effective Date. The quarterly reports shall consist of, among other things, the Reorganized Debtor's gross revenue, operating expenses, payments disbursed under the Plan, tax payments, and any other information reasonably</p>

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CLASS NO.	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
			<p>required by Wells (“<b>Wells Quarterly Reports</b>”). The failure to deliver such Quarterly Reports to the Current Special Servicer within 30 days after the applicable quarterly due date shall not constitute a Material Default. However, in the event that any Wells Quarterly Report is not timely delivered and after 15 days following receipt by the Debtor of notice from Wells specifying the delinquent report, Wells may seek from the Bankruptcy Court an order compelling the delivery of such reports, and may add its reasonable attorneys fees and costs actually incurred in connection with obtaining such order.</p> <p><b>Wells Deposit Account Agreements.</b> On or after the Effective Date, at Wells’ election, the Debtor will execute and deliver the Wells Deposit Account Agreements in a form acceptable to the parties in their absolute and sole discretion, and consistent in all respects with the treatment of Class 1A under the Plan. The terms of the Wells Deposit Account Agreements are deemed incorporated into the Plan when executed by all parties. =</p> <p>On the Effective Date, the Debtor shall (i) open an account (“<b>Deposit Account</b>”) (separate from the Debtor’s operating account) at an independent banking institution (“<b>Deposit Bank</b>”) acceptable to Wells; and, (ii) at Wells’ election, Wells, the Debtor/Reorganized, Debtor and the Deposit Bank will execute the applicable documents comprising the Wells Deposit Account Agreements.</p> <p>Under the Wells Deposit Account Agreements, all rents and income generated from the Story Building Property and the proceeds of the Deposit Account shall remain under the complete and exclusive control and authority of the Debtor/Reorganized Debtor unless and until the occurrence of a Material Default (after any applicable grace period). The Deposit Account remains the property of the Debtor/Reorganized Debtor, and the Debtor/Reorganized Debtor has</p>

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CLASS NO.	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
			<p>the complete and exclusive control and authority over the same unless and until the occurrence of a Material Default (after any applicable grace period). All rents and income of the Story Building Property are deposited in the Deposit Account and all such funds shall promptly be swept to the Debtor/Reorganized Debtor's operating account (other than a \$1,000 minimum balance maintained in the Deposit Account).</p> <p>Upon and during the continuance of a Material Default (after any applicable grace period), Wells may obtain an order of the Bankruptcy Court after reasonable notice, authorizing the Deposit Bank to sweep rents and income generated from the Story Building Property deposited into the Deposit Account to a "<b>Wells' Lockbox Account</b>" rather than sweeping the funds to the Debtor/Reorganized Debtor's operating account, and Wells (or the Master or Special Servicer, as applicable) shall have the authority and control over the funds in the Deposit Account during such period until such time as the Material Default is cured or further order of the Bankruptcy Court is obtained by the Reorganized Debtor.</p> <p><b>Post Effective Date Taxes and Insurance.</b> After the Effective Date, the Reorganized Debtor shall pay or cause to be paid (a) real property tax installments due after the Effective Date commencing on April 10, 2012 and continuing on each December 10 and April 10 thereafter; and (b) real estate insurance premiums when due after the Effective Date. The failure to timely pay all such real property tax installments or real estate insurance premiums when due after the Effective Date shall constitute a Material Default. In its discretion, the Holder of the Class 1A Claim may elect to pay any such payment of real estate taxes due after the Effective Date if such payment has not been made by the Reorganized Debtor by April 2 or December 2, as applicable; however, notwithstanding any provision of the Plan to the contrary, such payment shall not cause or constitute a Material Default, so long</p>

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CLASS NO.	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
			<p>as reimbursement of such payment is tendered by or on behalf of the Reorganized Debtor on or before 5 p.m. on April 10 or December 10, as applicable.</p> <p><b>Tax/Insurance Reserve Impound.</b> All tax/insurance reserve impound requirements as specified and defined in the Wells Loan Documents shall remain in full force and effect even after the Effective Date, except as modified by the Plan and below,</p> <p><u>Express Modifications:</u>                      Notwithstanding any provision of the Wells Loan Documents to the contrary, on January 1, April 1, July 1 and October 1, commencing on the first such date which is at least 90 days after the Effective Date, there shall be deposited by, or on behalf of, the Reorganized Debtor into a reserve impound account maintained by the Holder of the Class 1A Claim (“<b>Tax/Insurance Impound</b>”), quarterly payments in an amount equal to twenty-five percent (25%) of the aggregate amount of real property taxes and real property insurance due for the applicable year. The portion of the proceeds of the Tax/Insurance Impound attributable to real estate taxes shall be promptly disbursed to the County of Los Angeles property tax collector on December 2 and April 2 of each year; and the portion of the proceeds of the Tax/Insurance Impound attributable to real estate insurance shall be promptly distributed to the applicable insurance company prior to the applicable due date. The Reorganized Debtor’s failure to deliver two consecutive Tax/Insurance Impound installment within ten (10) business days after the applicable quarterly due date set forth above shall constitute a Material Default under the Plan.</p>

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CLASS NO.	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
			<p><b>Replacement Reserve/Capital Expenditures Impound.</b> All replacement reserve/capital expenditures impound requirements as specified and defined in the Wells Loan Documents shall remain in full force and effect even after the Effective Date, except as modified by the Plan and below,</p> <p><u>Express Modifications:</u>                      Notwithstanding any provision of the Wells Loan Documents to the contrary, there shall be deposited by, or on behalf of, the Reorganized Debtor into a replacement reserve impound account maintained by the Holder of the Class 1A Claim (“<b>Replacement Reserve Impound</b>”), quarterly payments in the amount of \$7,622.76 on January 31, April 30, July 31 and October 31 of each calendar year, commencing on the later of (i) October 31, 2012 or (ii) the first such quarterly date following the Effective Date, and continuing on each consecutive quarter thereafter during the term of the Plan. The proceeds of the Replacement Reserve Impounds shall be used in accordance with the use of such funds under the Wells Loan Documents. The Reorganized Debtor’s failure to deliver any Replacement Reserve Impound installment within ten (10) business days after the applicable quarterly due date set forth above shall constitute a Material Default under the Plan.</p> <p><u>Additional express modification:</u> The Debtor or the Reorganized Debtor shall no longer be required to fund a tenant improvement and leasing commission (“TILC”) reserve.</p> <p><b>No Insider Claim Payments.</b> After the Effective Date, until the Holder of the Allowed Class 1A Claim has been paid in full, no payments will be made from Net Rental Income to any Holder of a General Unsecured Claim or</p>

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CLASS NO.	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
			<p>Interest, which Holder qualifies as an Insider.</p> <p><b>Allowed Claim/Default Interest.</b>  <u>Treatment if Class 1 A votes in favor of the Plan.</u> In the event the Holder of the Allowed Class 1A Claim executes and delivers a timely Ballot voting in favor of the Plan, in full and final compromise of such Holder’s claim for default interest and late charges under the Wells Loan Documents accruing prior to the Effective Date, the Debtor and the Holder of the Allowed Class 1A Claim stipulate and agree to that the amount of \$337,000 shall satisfy the Holder of the Class 1A Claim for only the default interest and late charges that has accrued and will accrue prior to the Effective Date. The \$337,000 shall become part of the Wells Advance Reimbursement Amount. On the Effective Date, the treatment hereunder with respect to such Holder’s Allowed Class 1A Claim shall be without recognition of any additional default interest and late charges; and, upon the Effective Date, any and all such claims accruing prior to the Effective Date in excess of \$337,000 shall be deemed waived, released and forever discharged. Within 120 days after the Effective Date, the Reorganized Debtor, or a New Value Contributor, shall pay to the Holder of the Allowed Class 1A Claim, \$100,000, which shall be applied to the pre-petition non-default interest accrued under the Wells Loan Documents totaling \$392,059.82. The remaining balance of the pre-petition non-default interest totaling \$292,059.82, shall become part of the Wells Advance Reimbursement Amount.</p> <p>In Wells’ discretion and provided it executes and delivers a timely Ballot voting in favor of the Plan, the Debtor will stipulate and agree that the exact amount of the Wells Allowed Claim as of the Effective Date (including the \$337,000) is as detailed in the attached <b>Exhibit 6</b>. In all other events, the Wells Allowed Claim shall be in the amount determined by the Bankruptcy Court.</p> <p><u>Treatment if Class 1 A fails to vote in favor of the Plan.</u> In the event that the Holder of the Allowed Class 1A Claim fails to vote in favor of the Plan or votes to reject the Plan or declines to accept the foregoing agreed upon</p>

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CLASS NO.	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
			<p>amount, (i) Wells and the Debtor reserve all of their respective rights with regard to the amount of default interest, penalties, late charges and other similar charges, if any, to which the Holder of the Allowed Class 1A Claim is entitled; (ii) the Debtor reserves the right to seek a Bankruptcy Court determination as to the reasonable default interest, penalties, late charges and other similar charges, if any, to which the Holder of the Allowed Class 1A Claim is entitled; and (iii) such fees, penalties and charges, if any, as determined by the Bankruptcy Court shall be added to the principal balance of the Allowed Secured Claim, or treated as otherwise determined by the Bankruptcy Court.</p> <p><b>Penalties, yield maintenance premium or prepayment premium as a Consequence of Default.</b> After the Effective Date, the prepayment premium under the Loan Documents will continue to apply, and the provisions of the Wells Loan Documents pertaining thereto shall remain in full force and effect, in the event of (a) a sale or disposition (either voluntary or involuntary) or refinance of the Story Building Property after the Effective Date during the applicable prepayment premium period, or (b) a Material Default of a type which would give rise under the Wells Loan Documents to assessment of the prepayment premium, if (i) allowed under applicable law, and (ii) an order of the Bankruptcy Court has been entered revoking confirmation of the Plan or determining that a Material Default has occurred which has not been timely cured. The Debtor intends to object to the inclusion of any prepayment premium or yield maintenance premium as a consequence of default under the Wells Loan Documents prior to the Effective Date as part of the Allowed Claim, including pursuant to POC No. 4 which includes \$1,556,669.41 in asserted prepayment premiums. Any fees, penalties and charges, including any prepayment premium or yield maintenance premium Allowed by the Bankruptcy Court shall be added to the principal balance of the Allowed Secured Claim, or treated as otherwise determined by the Bankruptcy Court.</p> <p><b>Other Effects of Confirmation respecting the Wells Loan Documents.</b> On the Effective</p>

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CLASS NO.	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
			<p>Date: (i) any and all monetary and non-monetary pre-Effective Date defaults under any and all of the Wells Loan Documents (including without limitation, any prepayment or yield maintenance premium assessed as a consequence of default) shall be deemed cured and waived as of the Effective Date; (ii) the Holder of the Allowed Class 1A Claim may be paid any time after the Effective Date and before maturity, however any pre-payment premium applicable to the Wells Loan Documents as it applies to a sale (either voluntary or involuntary) or refinance shall remain unaffected by the Plan; (iii) the Wells Loan Documents shall be deemed to be amended by the Plan; (iv) the terms of the Wells Loan Documents which do not conflict with, or are not inconsistent with, the Plan shall remain in full force and effect unless otherwise modified by, or inconsistent with, the Plan or any of its terms; (v) the terms of the Plan supersede and control over any provision in the Wells Loan Documents or in the event of any ambiguity between the terms of the Wells Loan Documents and the Plan; and, (vi) the Wells Loan Documents shall be deemed reinstated as of the Effective Date, and the maturity date reinstated as existed before any default as modified by the Plan, and subject to the Extended Wells Maturity Dates.</p> <p><b>Guarantor Reaffirmation.</b> In connection with the Plan, the original guarantor(s) under the Wells Loan Documents shall reaffirm by the Effective Date, all of their guaranty obligations to Wells and/or Wells' successors and assigns. Guarantor(s) shall execute any and all documents reasonably requested to evidence the reaffirmation of their guaranty obligations.</p> <p><b>Miscellaneous Provisions.</b></p> <p>Until payment in full of the Class 1A Allowed Claim, the Reorganized Debtor shall not use the Wells Net Rental Income for purposes of paying taxes due for personal income taxes.</p> <p>The Reorganized Debtor may cure, if allowed under applicable law, any post-Effective Date default or Material Default and reinstate Class</p>



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CLASS NO.	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
			<p>1A Plan treatment prior to a foreclosure sale within the time period prescribed by applicable California foreclosure law.</p> <p>After the Effective Date, in the event the Reorganized Debtor elects to sell or refinance all or a part of the Story Building Property, such Story Building Property shall be sold free and clear of any and all claims, liens, interests and encumbrances; except that (1) any such sale or refinance shall be in an amount necessary to pay the remaining unpaid balance of the Wells Allowed Claim in full, and any applicable prepayment premium pursuant to the terms of the Wells Loan Documents, consistent with applicable law; (2) any such sale or refinance shall be in an amount necessary to pay any and all liens against the Story Building Property that assert priority over the secured lien of the Holder of the Allowed Class 1A Claim; and (3) the Holder of the Allowed Class 1A Claim may be paid directly from escrow consistent with the provisions of the Plan. In the event of a dispute over the remaining amount of the Wells Allowed Claim or any fee or charge demanded by such Holder, the disputed amount shall be held in escrow pending resolution by the Bankruptcy Court, which shall retain jurisdiction over the parties, the Story Building Property and proceeds of escrow for such purposes.</p> <p>The Debtor and the Holder of the Allowed Class 1A Claim shall promptly execute and deliver any and all documents and take such other or further actions as are reasonably necessary, appropriate or requested to effectuate the provisions of the Plan.</p>
<b>1B</b>	<p><b>Secured Claim of BLACKHAWK</b></p> <p>Collateral description = Story Building Property</p> <p>Scheduled D Claim amount = \$72,011</p> <p>Fair Market Value of</p>	Class 1B is impaired.	<p>On the Effective Date, the Story Building Property shall be vested in the Reorganized Debtor, subject to the lien, if any, securing the Allowed Secured Claim of Class 1A; and Class 1B to the extent valid, perfected and unavoidable; and to the extent of the value of the claimholder's interest in the collateral as determined under Bankruptcy Code §506(a) .</p> <p>On the Effective Date or as soon thereafter as practicable, the Holder of the Allowed Class 1B Secured Claim shall receive on account of such Allowed Secured Claim:</p>

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CLASS NO.	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
	<p>Story Building                      Property collateral = \$16,000,000 based solely on the Debtor's opinion as to value.</p> <p>Filed Claim Amount = \$64,593.59 per POC No. 3</p> <p><b>Secured Claim = \$64,593.59 (estimated)</b></p> <p>General Unsecured Claim = \$0 (estimated) [see discussion in Class 4]</p>		<p><b>Retention of Lien Rights.</b> The lien to which the Holder of such Allowed Class 1B Claim is entitled shall remain in place and unaltered by the Plan to the extent valid, perfected and unavoidable;</p> <p><b>Class 1B Payments.</b> After Effective Date, the Holder of the Allowed Class 1B Claim shall receive on account of such Allowed Secured Claim deferred cash payments totaling the Allowed Secured Class 1B Claim, of a value, as of the Effective Date equal to the interest of the Holder of the Allowed Secured Class 1B Claim in the Story Building Property, paid as follows:</p> <p>(A) Quarterly installments of \$1125 on March 31, June 30, September 30 and December 31 (or the first Business Day thereafter) of each calendar year, commencing on a date which is the first such date after the Effective Date and continuing on each such date thereafter until a date which is the last day of the applicable Extended Wells Maturity Date;</p> <p>(B) One (1) payment of the balance of the Allowed Secured Claim and all accrued interest in full on the later of December 31, 2015, or a date which is the last day of the Extended Wells Maturity Date.</p> <p><b>Applicable Interest Rate.</b> The Allowed Secured Claim shall accrue interest after the Effective Date at the rate of 5.6%, or such other rate as determined by the Bankruptcy Court to be the appropriate interest rate to be applied to the future payment stream to be made after the Effective Date.</p> <p><b>No Payments from Rents Until the Allowed Class 1A Claim has been paid in full.</b> After the Effective Date, until the Allowed Class 1A Claim has been paid in full, the Plan payments to this Class shall be made from periodic New Value Contributions, and no payments will be made from Net Rental Income.</p> <p><b>Miscellaneous Provisions.</b></p>

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CLASS NO.	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
			<p>Any defenses, objections, counterclaims, rights, rights of offset or recoupment of the Debtor or the Estate with respect to such Claims shall vest in and inure to the benefit of the Reorganized Debtor.</p> <p>The Holder of the Allowed Class 1B Claim shall promptly execute and deliver any and all documents and take such other or further actions as are reasonably necessary, appropriate or requested by the Reorganized Debtor to effectuate the provisions of the Plan.</p>
1C	<p><b>Secured Claim of LIFTECH</b></p> <p>Collateral description = Story Building Property</p> <p>Fair Market Value of Story Building Property collateral = \$16,000,000, based solely on the Debtor's opinion as to value.</p> <p>Scheduled D Claim amount = \$246,708</p> <p>Filed Claim Amount = \$246,708 per POC No. 4</p> <p><b>Secured Claim = \$0 (Disputed)</b></p> <p>General Unsecured Claim = Disputed Claim)</p>	Class 1C is impaired.	<p><b>Option 1 Treatment:</b> In the event Liftech (a) executes and delivers a timely Ballot accepting the Plan in each such Class in which it asserts a Claim including, without limitation, Class 4, and (b) enters into an agreement to complete the elevators located on the Story Building Property pursuant to agreement between Liftech and the Debtor, then on the Effective Date, Liftech shall be deemed to have an Allowed Secured Claim in the amount of \$246,708, which shall be paid as follows from New Value Contributions: (a) \$100,000 on the Effective Date of the Plan, (b) \$100,000 on completion of the elevators, and (c) the balance of \$46,708 paid on issuance of the permit for the elevators.</p> <p><b>Option 2 Treatment:</b> Alternatively, on the Effective Date, the Story Building Property shall be vested in the Reorganized Debtor, subject to the lien, if any, securing the Allowed Secured Claim of Class 1A; and Class 1C to the extent valid, perfected and unavoidable; and to the extent of the value of the claimholder's interest in the collateral as determined under Bankruptcy Code §506(a).</p> <p>On the Effective Date or as soon thereafter as practicable, the Holder of the Allowed Class 1C Secured Claim shall receive on account of such Allowed Secured Claim:</p> <p><b>Retention of Lien Rights.</b> The lien to which the Holder of such Allowed Class 1C Claim is entitled shall remain in place and unaltered by the Plan to the extent valid, perfected and unavoidable;</p> <p><b>Class 1C Payments.</b> After Effective Date, the Holder of the Allowed Class 1C Claim shall receive on account of such Allowed Secured</p>

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CLASS NO.	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
			<p>Claim deferred cash payments totaling the Allowed Secured Class 1C Claim, of a value, as of the Effective Date equal to the interest of the Holder of the Allowed Secured Class 1C Claim in the Story Building Property, paid as follows:</p> <p>(A) Quarterly installments of \$4,256 on March 31, June 30, September 30 and December 31 (or the first Business Day thereafter) of each calendar year, commencing on a date which is the first such date after the Effective Date and continuing on each such date thereafter until a date which is the last day of the applicable Extended Wells Maturity Date;</p> <p>(B) One (1) payment of the balance of the Allowed Secured Claim and all accrued interest in full on the later of December 31, 2015, or a date which is the last day of the Extended Wells Maturity Date.</p> <p><b>Applicable Interest Rate.</b> The Allowed Secured Claim shall accrue interest after the Effective Date at the rate of 5.6%, or such other rate as determined by the Bankruptcy Court to be the appropriate interest rate to be applied to the future payment stream to be made after the Effective Date.</p> <p><b>No Payments from Rents Until the Allowed Class 1A Claim has been paid in full.</b> After the Effective Date, until the Allowed Class 1A Claim has been paid in full, the Plan payments to this Class shall be made from periodic New Value Contributions, and no payments will be made from Net Rental Income.</p> <p><b>Miscellaneous Provisions.</b></p> <p>Any defenses, objections, counterclaims, rights, rights of offset or recoupment of the Debtor or the Estate with respect to such Claims shall vest in and inure to the benefit of the Reorganized Debtor.</p> <p>The Holder of the Allowed Class 1C Claim shall promptly execute and deliver any and all documents and take such other or further actions as are reasonably necessary, appropriate or requested by the Reorganized Debtor to</p>

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CLASS NO.	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
			effectuate the provisions of the Plan.
1D	<p><b>Secured Claim of USV</b></p> <p>Story Building Property</p> <p>Fair Market Value of Story Building Property collateral = \$16,000,000, based solely on the Debtor's opinion as to value.</p> <p>Scheduled D Claim amount = \$64,027</p> <p>Filed Claim Amount= None</p> <p><b>Secured Claim = \$0 (estimated)</b></p> <p>General Unsecured Claim = \$64,027 (estimated) [see Class 4]</p>	Class 1D is impaired.	<p>On the Effective Date, the Story Building Property shall be vested in the Reorganized Debtor, subject to the lien, if any, securing the Allowed Secured Claim of Class 1A; and Class 1D to the extent valid, perfected and unavoidable; and to the extent of the value of the claimholder's interest in the collateral as determined under Bankruptcy Code §506(a) .</p> <p>On the Effective Date or as soon thereafter as practicable, the Holder of the Allowed Class 1D Secured Claim shall receive on account of such Allowed Secured Claim:</p> <p><b>Retention of Lien Rights.</b> The lien to which the Holder of such Allowed Class 1D Claim is entitled shall remain in place and unaltered by the Plan to the extent valid, perfected and unavoidable;</p> <p><b>Class 1D Payments.</b> After Effective Date, the Holder of the Allowed Class 1D Claim shall receive on account of such Allowed Secured Claim deferred cash payments totaling the Allowed Secured Class 1D Claim, of a value, as of the Effective Date equal to the interest of the Holder of the Allowed Secured Class 1D Claim in the Story Building Property, paid as follows:</p> <p>(A) Quarterly installments of \$1,104 on March 31, June 30, September 30 and December 31 (or the first Business Day thereafter) of each calendar year, commencing on a date which is the first such date after the Effective Date and continuing on each such date thereafter until a date which is the last day of the applicable Extended Wells Maturity Date</p> <p>(B) One (1) payment of the balance of the Allowed Secured Claim and all accrued interest in full on the later of December 31, 2015, or a date which is the last day of the Extended Wells Maturity Date.</p> <p><b>Applicable Interest Rate.</b> The Allowed Secured Claim shall accrue interest after the Effective Date at the rate of 5.6%, or such other rate as determined by the Bankruptcy Court to be the appropriate interest rate to be applied to</p>

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CLASS NO.	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
			<p>the future payment stream to be made after the Effective Date.</p> <p><b>No Payments from Rents Until the Allowed Class 1A Claim has been paid in full.</b> After the Effective Date, until the Allowed Class 1A Claim has been paid in full, the plan payments to this Class shall be made from periodic New Value Contributions, and no payments will be made from Net Rental Income.</p> <p><b>Miscellaneous Provisions.</b></p> <p>Any defenses, objections, counterclaims, rights, Any defenses, objections, counterclaims, rights, rights of offset or recoupment of the Debtor or the Estate with respect to such Claims shall vest in and inure to the benefit of the Reorganized Debtor.</p> <p>The Holder of the Allowed Class 1D Claim shall promptly execute and deliver any and all documents and take such other or further actions as are reasonably necessary, appropriate or requested by the Reorganized Debtor to effectuate the provisions of the Plan.</p>
2	<p><b>OTHER SECURED CLAIMS</b></p> <p><b>Total Claim amount = \$0 (precautionary listing only)</b></p>	Class 2 is not impaired.	Class 2 is unimpaired under the Plan, and the legal, equitable, and contractual rights of Holders of Allowed Class 2 Claims are unaltered by the Plan. Unless the Holder of an Allowed Class 2 Claim in a particular Class 2 subclass agrees to other treatment, on or as reasonably practicable after the Effective Date, such Holder shall receive, at the Reorganized Debtor's option: (i) Cash in the Allowed amount of such Holder's Allowed Class 2 Claim; (ii) the return of the collateral securing such Allowed Class 2 Claim; or, (iii) (a) the cure of any default, other than a default of the kind specified in Bankruptcy Code § 365(b)(2) that Bankruptcy Code § 1124(2) requires to be cured, with respect to such holder's Allowed Class 2 Claim, without recognition of any default rate of interest or similar penalty or charge, and upon such cure, no default shall exist; (b) the reinstatement of the maturity of such Allowed Class 2 Claim as the maturity existed before any default, without recognition of any default rate of interest or similar penalty or charge; and, (c) its unaltered legal, equitable,

CLASS NO.	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
			<p>and contractual rights with respect to such Allowed Class 2 Claim. Any defenses, counterclaims, rights of offset or recoupment of the Debtor or the Estate with respect to such Claims shall vest in and inure to the benefit of the Reorganized Debtor.</p> <p>Not later than the Exhibit Filing Date, the Debtor shall file with the Bankruptcy Court a schedule setting forth the proposed amount necessary to pay the Allowed Class 2 Claims in full. The Confirmation Order shall constitute a conclusive determination as to the amount of the Allowed Class 2 Claims to be paid on the Effective Date.</p>

Class 1A consists of the Allowed Secured Claim of Wells, which (as discussed above) asserts a Secured Claim against the Story Building Property by virtue of its Wells Note, Wells Deed of Trust and Wells Assignment of Leases and Rents, among other documents. The Debtor asserts that the total amount of the Wells Allowed Claim is approximately \$12,618,257.30. Wells has filed POC No. 2 in the amount of \$13,716,732.91. The \$13,716,732.91 contains a number of disputed charges. Wells asserts that the Wells Allowed Claim consists of the following: (1) principal balance of \$11,561,396.54; (2) pre-petition non-default interest of \$392,059.82; (3) prepetition default interest and late charges of \$337,000; (4) tax and insurance advances of \$80,188.30; (5) property protection advances of \$104,304.75; (6) special servicing fees of \$100,419.89 through March 2012, and \$4,000 each month until the Debtor or Reorganized Debtor successfully performs under the Plan for three consecutive months; (7) administrative fees of \$300.00; (8) interest at Wells' actual out of pocket cost on advances of \$42,588.00; and (9) post-petition legal fees. In recent filings with the Bankruptcy Court, Wells has asserted its Claim to be as much as \$14,570,992. The Debtor has filed an objection to Wells claim, which is discussed elsewhere in the Disclosure Statement.

The non-default interest rate under the Wells Note is 5.6%. The Wells Note calls for payments of principal and interest at the rate of \$81,229.66. The Plan modifies the payment amounts required under the Wells Note to now provide for Class 1A Interest Payments. For purposes of disclosure only, parties in interest should note that the per diem amount of the Class 1A Interest Payments will be

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1 determined by taking the principal balance under the Wells Note, multiplied by the currently  
2 applicable non-default interest rate under the Wells Note of 5.6% per annum, (based on a 360 day  
3 year), divided by 360, and will be paid for the actual number of days elapsed for any whole or partial  
4 month in which interest is being calculated. Under the Plan, the Wells Note will mature on December  
5 31, 2015, subject to the Extended Wells Maturity Date.

6 The Debtor and Wells appeared to have reached a consensus on most of the material terms of  
7 the amended plan. However, the agreement appears to have fallen through. As of the current time,  
8 Wells has unfortunately refused to authorize the Debtor to proceed with the consensual first amended  
9 plan as a result of the filing of the Safari Bankruptcy Case. Wells has filed Motions to Dismiss Debtor  
10 Filed by Creditor Wells Fargo Bank, N.A., a National Banking Association, as Trustee for the  
11 Registered Holders of J.P. Morgan Chase Commercial Mortgage Securities Corp seeking dismissal of  
12 the Case as well as a relief from stay motion [Docket Nos. 174 – 186]. Both Motions are predicated  
13 primary on alleged bad faith of the Debtor. Both Motions are now set for hearing on December 4,  
14 2012. The Debtor has filed opposition to both Motions.

15 Wells has not consented to this Plan. Nevertheless, the Debtor intends to seek confirmation of  
16 the Plan over Wells objection. The Debtor believes that confirmation of this Plan is in the best interest  
17 of creditors. Wells' undoubtedly will disagree.

18 As discussed earlier in this Disclosure Statement, steps have been taken to ensure feasibility of  
19 the Plan in this Case, and the Debtor will put forward evidence of such steps at the Confirmation  
20 Hearing,

21 In addition to the components of Wells' claim discussed above, Claim No 2 filed July 20, 2010  
22 by Wells asserts, in addition to other amounts and charges, default interest of \$298,669.41; late  
23 charges of \$16,245.93; and a "prepayment premium" of \$1,556,512.36. The prepayment premium is  
24 due on sale. In all, Wells asserts penalties of approximately \$1,871,428 as a consequence of default.

25 The Debtor disputes these penalties on a number of grounds. Regardless, the Debtor contends  
26 that the amount stated in the Wells Claim for penalties as a consequence of default is not reasonable.  
27 The Debtor asserts that the disputed penalty is an excessive penalty, which should be disallowed under  
28 both California law and applicable Bankruptcy law.



1 The Debtor contends that if construed in the manner suggested by Wells in its proof of claim, it  
2 would nullify the any notion of a “yield maintenance curve” typically found in notes containing  
3 enforceable pre-payment premiums, so as to avoid being construed as unenforceable penalties.  
4 Accordingly, the Debtor asserts that Wells’ disputed penalty is unenforceable because it constitutes an  
5 unlawful penalty under California Civil Code § 1671(b).

6 Even where allowable under California law, Bankruptcy law still requires the penalty to be  
7 reasonable. Therefore, the Debtor also asserts that the disputed penalty is an unreasonable charge and  
8 should be disallowed under Bankruptcy Code § 506(b) as well.

9 The Debtor includes this discussion for disclosures purposes. As stated, the Debtor has filed  
10 an objection to Wells Claim. However, as discussed elsewhere in the Disclosure Statement, the  
11 Debtor does not believe that the outcome respecting the disputed penalty will impair feasibility of the  
12 Plan one way or the other, although it does perhaps impact the liquidation analysis due to the  
13 significant impact on the amount of Wells claim as well as the resulting proceeds of any hypothetical  
14 sale of the Story Building Property, which would be available for creditors and interested parties  
15 should the disputed penalty be Allowed in favor of Wells

16 Pursuant to the proposed treatment under Class 1A, Wells shall be treated as fully secured,  
17 meaning that the value of its interest in the Story Building Property is equal to its Allowed Claim and  
18 that there is no deficiency. This treatment is based on the Debtor’s belief that the value of the Story  
19 Building Property exceeds the Wells Secured Claim, even assuming the validity and allowance of the  
20 “prepayment premium” discussed above. The Debtor belief in Wells over-secured status is based on,  
21 among other things, the sizable amount of cash paid by the Debtor at the time of purchase as well as  
22 invested subsequent to closing. Of the original \$27,700,000 purchase price, the Debtor paid  
23 \$17,699,894.50 in cash at closing. As part of the purchase price, the Debtor also assumed an existing  
24 loan of JP Morgan Chase Commercial Mortgage (now serviced by Wells) which had a balance at  
25 closing of \$12,369,823.36. With added costs at the time of closing, the total consideration at closing  
26 came to \$30,069,717.86.

27 In addition, the Debtor has spent approximately \$4,500,000 improving the Story Building  
28 Property subsequent to closing. An entity owned by the manager, Falcon, loaned approximately

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1 \$3.4mm to Debtor for improvements to the Story Building Property on an unsecured basis since the  
2 Debtor's purchase. Since 2007, the Debtor has spent approximately \$4.5mm in building  
3 improvements. Wells expresses no opinion as to the value of the Story Building Property at this time,  
4 and neither agrees nor disagrees with the Debtor's valuation.

5 With regard to Classes 1B (Blackhawk) and 1D (USV), the Plan proposes to pay such claims  
6 quarterly payments from periodic New Value Contributions, and then a final payment  
7 contemporaneously with the maturity of the Class 1A Claim pursuant to the Extended Wells Maturity  
8 Date that is proposed as part of the Plan. Upon maturity pursuant to the Extended Wells Maturity  
9 Date, the Reorganized Debtor intends to refinance or pay the Plan obligations in full from further New  
10 Value Contributions. The feasibility of refinance depends on a number of factors and is discussed  
11 more fully in Section VI below.

12 The proposed interest rate applicable to Wells in Class 1A is the note rate. With respect to the  
13 Holders of the Secured Claims in Classes 1B, 1C and 1D, the Plan proposes a rate that the Debtor  
14 believes to be in compliance with applicable law. However, with respect to all Classes of Claims entitled  
15 to interest, the Bankruptcy Court shall determine the appropriate interest rate to be applied to the deferred  
16 payment stream so that such payments result in payment of the present value of the claims of the holders  
17 of creditors.

18 Set forth below is a brief discussion of the methods for determining the appropriate rate and the  
19 Debtor's argument in that regard. The conclusions reached by the Debtor may or may not be opposed  
20 by the Classes of Secured Claims. This section is included for discussion purposes only to assist the  
21 reader to evaluate the Plan. The Debtor intends to introduce evidence at the Confirmation Hearing.  
22 The evidence may establish a higher or lower rate. Absent consensual resolution (which the Debtor  
23 hopes to achieve prior to confirmation), the Bankruptcy Court will make the final determination with  
24 regard to the appropriate interest rate to be applied to the future payment stream.

25 Generally, the Ninth Circuit uses a formula approach by adding an appropriate risk factor to a  
26 base rate for a "riskless" loan, such as U.S. government Treasury bond rates or the prime rate. See, In  
27 re Camino Real Landscape Maintenance Contractors, Inc., 818 F.2d 1503 (9<sup>th</sup> Cir. 1987); and In re  
28 Fowler, supra, 903 F.2d. 694 (9<sup>th</sup> Cir. 1990) (both cases decided prior to Till, see analysis below). The

1 Ninth Circuit Court of Appeals adopted a case by case approach. As stated by the court in Fowler:

2 Having heard testimony regarding both the market interest rates in the  
3 region and the risks associated with this debtor, the bankruptcy court used  
4 the formula approach, taking the prime rate on the date of plan confirmation,  
5 8.75% and adding a .75% risk factor. It did err in using this approach to  
6 determine the cramdown interest rate.

7 [Fowler at 697]

8 In utilizing the formula approach, the interest rate is adjusted for the term of the plan's  
9 repayment period by utilizing as the base rate the yield quoted for treasury bills or bonds on equivalent  
10 terms. The risk inherent in the type of collateral involved can be accounted for by utilizing an  
11 adjustment factor derived from the market for loans secured by similar collateral.

12 In 2004, the Supreme Court addressed the crucial question of how to select an appropriate  
13 interest rate for cramdown in Till v. SCS Credit Corporation 541 U.S. 465, 124 S. Ct. 1951, 1958-59  
14 (2004). Although Till was a chapter 13 case, many Courts have applied it to chapter 11 cases as well.  
15 Till holds that a formula approach based upon the prime rate of interest best carries out the intention of  
16 Congress in order to determine a whether a stream of deferred payments constitutes present value of  
17 the allowed claim. 541 U.S. at 478-480, 124 S. Ct. at 1961-62. Till reversed a decision of the court of  
18 Appeals for the Seventh Circuit that held that the pre-bankruptcy contract rate should be the  
19 presumptive rate based on the theory that cramdown involved imposing a coerced loan on the secured  
20 creditor. In rejecting that the contract rate was the appropriate rate, the Supreme Court preferred the  
21 formula approach, which starts with the prime rate, and then adjusts the applicable rate upward.

22 [T]he resulting prime-plus rate of interest depends only on the state of  
23 financial markets, the circumstances of the bankruptcy estate, and the  
24 characteristics of the loan, not on the creditor's circumstances or its prior  
25 interactions with the debtor. For these reasons, the prime-plus or formula  
26 rate best comports with the purposes of the Bankruptcy Code.

27 [Till at 541 U.S. at 477; 124 S. Ct. at 1960].

28 The Supreme Court in Till did not directly decide the proper scale for the risk adjustment  
factor, leaving it to a more flexible approach. However, the Supreme Court in Till did offer some  
guidance. The Supreme Court noted that adjustments of 1 to 3 percent seemed appropriate and  
suggested that large adjustments would not be appropriate because a plan cannot be confirmed unless

1 the Bankruptcy Court finds the plan feasible. The Supreme Court stated:

2 If the court determines that the likelihood of default is so high as to necessitate an  
3 ‘eye-popping’ interest rate, . . . the plan probably should not be confirmed.

4 [Till 541 U.S. at 481; 124 S. Ct. at 1962].

5 Many courts have applied Till to Chapter 11 cases holding that a formula rate applies unless an  
6 efficient lending market exists for the proposed exit financing. See, In re American Homepatient, Inc.,  
7 420 F.3d 559 (6<sup>th</sup> Cir. 2005).

8 The current Wall Street Journal Prime rate is 3.25%. As discussed earlier in the Disclosure  
9 Statement, the Story Building Property is a very unique property. The more than half the purchase  
10 price was cash. The Story Building Property is an *historic* landmark building; one of the very few  
11 buildings on Broadway with its own parking structure; one of the few buildings in Los Angeles that is  
12 qualified for F1, which permits manufacturing; contains a treatment room and filtration which is  
13 necessary for jewelry manufacturing and environmental protection. As stated, the cost to qualify the  
14 building for such purposes is well over \$3 million. In addition, it is in a prime downtown location.  
15 Given the sizable equity cushion, and other factors, the Debtor asserts that a rate of 5.6% would be an  
16 appropriate rate for the Secured Claims, with a much lower rate applicable to Class 4.

17 With respect to the Class of Other Secured Claims, the Debtor does not believe that there are  
18 any additional secured claims not classified in the various subclasses of Class 1. However, to the  
19 extent they are found to exist, such Other Secured Claims shall be treated in Class 2; shall be deemed a  
20 separate sub-class thereunder; and shall receive the treatment under the Plan set forth above.

21 **Classes of Classified Priority Claims**

22 Classified Priority Claims are required to be placed into Classes. These types of Claims are  
23 entitled to priority treatment as follows: the Bankruptcy Code requires that each Holder of such a  
24 Claim receive Cash on the Effective Date equal to the Allowed amount of such claim. However, the  
25 Holders of Classified Priority Claim may vote to accept deferred Cash payments of a value, as of the  
26 Effective Date, equal to the Allowed amount of such claims.

27 The Debtor does not believe that any Classified Priority Claims exist. To the extent they do,  
28 the Classified Priority Claims shall receive the following treatment under the Plan:

<b>CLASS NO.</b>	<b><u>DESCRIPTION</u></b>	<b><u>IMPAIRED (Y/N)</u></b>	<b><u>TREATMENT</u></b>
<b>3</b>	<p><b>PRIORITY UNSECURED CLAIMS</b> Allowed Claims pursuant to Bankruptcy Code §§ 507(a) (3), (4), (5), (6), and (7).</p> <p><b>Estimated Amount of Allowed Claims = \$0.</b></p>	Class 3 is not impaired.	On the Effective Date, each Holder of an Allowed Class 3 Claim will receive Cash in an amount equal to the principal amount of the Allowed Class 3 Claim.

The aggregate amount of Cash, if any, required to pay in full all of the foregoing Class 3 Claims, if any, is referred to hereinafter as the “**Priority Unsecured Claims Funding Amount**”.

**Classes of General Unsecured Claims**

General Unsecured Claims are unsecured Claims not entitled to priority under Bankruptcy Code §507(a). The following chart identifies the Plan’s treatment of the Classes containing all of the Debtor’s General Unsecured Claims:

<b>CLASS NO.</b>	<b><u>DESCRIPTION</u></b>	<b><u>IMPAIRED (Y/N)</u></b>	<b><u>TREATMENT</u></b>
<b>4</b>	<p><b>GENERAL UNSECURED CLAIMS</b></p> <p>Class 4 consists of all General Unsecured Claims which are Allowed Claims, including, without limitation, the Allowed Claim, if any, of Class 1B, 1C and/or 1D to the extent that such claims are Allowed, but are not Secured Claims.</p> <p>Estimated amount of Allowed Claims \$3,863,376, including the Liftech filed Claim in the amount= \$55,408.33 per POC No. 4, excluding the Allowed Claim, if any, of Class 1B, 1C and/or 1D to the extent that</p>	Class 4 is impaired.	<p>Following the Effective Date, each Holder of an Allowed Claim in Class 4 (excluding any Insider) shall receive:</p> <p>(A) Quarterly installments of \$1,771.23 on March 31, June 30, September 30 and December 31 (or the first Business Day thereafter) of each calendar year, commencing on a date which is the first such date after the Effective Date and continuing on each such date thereafter until a date which is the last day of the applicable Extended Wells Maturity Date;</p> <p>(B) One (1) payment of the balance of the Allowed Claims and all accrued interest in full on or before the date which is the last day of the applicable Extended Wells Maturity Date.</p> <p><b>Applicable Interest Rate.</b> The Allowed General Unsecured Claims shall accrue interest after the Effective Date at the rate of</p>

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CLASS NO.	<u>DESCRIPTION</u>	IMPAIRED (Y/N)	<u>TREATMENT</u>
	such claims are Allowed, but are not Secured Claims.		<p>2.25%, or at such other rate as determined by the Bankruptcy Court to be the appropriate interest rate to be applied to the future payment stream to be made after the Effective Date.</p> <p><b>No Payments from Rents Until the Allowed Class 1A Claim has been paid in full.</b> After the Effective Date, until the Allowed Class 1A Claim has been paid in full, the plan payments to this Class shall be made from periodic New Value Contributions, and no payments will be made from Net Rental Income.</p> <p><b>Miscellaneous Provisions.</b></p> <p>The Holder of any Allowed Claim of Falcon shall defer payment of the Pro Rata distribution to which such Holder is entitled to receive on behalf of its Allowed Class 4 Claim to the payment of the Pro Rata Distribution to which the Holders of Allowed Class 4 Claims, until the Holder of the Allowed Class 1A Claim is paid in full.</p> <p>In no event shall distributions under paragraphs (A) and (B) in this Class 4 exceed the present value of any Holders Allowed Class 4 Claim.</p> <p>Any defenses, objections, counterclaims, rights, rights of offset or recoupment of the Debtor or the Estate with respect to such Claims shall vest in and inure to the benefit of the Reorganized Debtor.</p>

The estimated amount of the General Unsecured Claims classified in Class 4 is approximately \$3,863,376, as set forth on Exhibit "2". The foregoing estimate of General Unsecured Claims includes the asserted unsecured claim of Liftech in the amount of \$55,408.33 pursuant to filed POC No. 4. The estimate of General Unsecured Claims does not include amounts attributable to Claims currently classified in Classes 1B, 1C or 1D in the aggregate amount of approximately \$376,328. To the extent that any Claims currently classified in Classes 1B, 1C or 1D are Allowed, but are

determined not to be Secured Claims, the General Unsecured Claims will increase by such amount.

In addition, approximately \$3,400,000 of the Class 4 Claims is held by Falcon, an entity in which the Debtor’s former manager, Mr. Mosaddegh, holds an interest. Inasmuch as Mr. Mosaddegh is not an Interest Holder in the Debtor, Falcon disputes that it should be considered an Insider. Nevertheless, Falcon has agreed as part of the Plan to subordinate its right to payment to the other Class 4 General Unsecured Creditors, which do not qualify as Insiders until such time as the Allowed Class 1A Claim is paid in full. Accordingly, there is approximately \$463,376 of asserted Class 4 Claims which are not subordinated and not duplicative of the Claims treated in Classes 1B, 1C or 1D Claims.

**Class of the Interest Holder**

The Interest Holder is the party who hold ownership interest (i.e., equity interest) in the Debtor. The following chart identifies the Plan’s treatment of the Class consisting of the Interest Holder:

<b>CLASS NO.</b>	<b><u>DESCRIPTION</u></b>	<b>IMPAIRED (Y/N)</b>	<b><u>TREATMENT</u></b>
<b>5</b>	<b>INTEREST HOLDER</b>	Class 5 is not impaired.	The Interest held by the Interest Holder shall remain unaffected by the Plan.

**D. TREATMENT OF NON-CONSENTING CLASSES**

Even if all Classes do not consent to the proposed treatment of their Claims under the Plan, the Plan may nonetheless be confirmed if the dissenting Classes are treated in a manner prescribed by the Bankruptcy Code. The process by which dissenting Classes are forced to abide by the terms of a plan is commonly referred to as “cramdown.” The Bankruptcy Code allows dissenting Classes to be crammed down if the Plan does not “discriminate unfairly” and is “fair and equitable.” These are complex statutory provisions and the explanations contained in the succeeding paragraphs do not purport to be exhaustive. The Bankruptcy Code does not define discrimination, but it does provide a minimum definition of “fair and equitable.”

The term “fair and equitable” can mean that secured claimants retain their liens and receive Cash payments whose present value equals the value of their security interest. For example, if a

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1 creditor lends the hypothetical debtor \$100,000 and obtains a security interest in property that is worth  
2 only \$80,000, the “fair and equitable” requirement means that the claimant is entitled to cash  
3 payments whose present value equals \$80,000 and not \$100,000.

4 The term “fair and equitable” also means that no Claim or Interest that is junior to the General  
5 Unsecured Claimants will receive or retain anything under the Plan, unless the Plan provides for full  
6 satisfaction of such senior Class of General Unsecured Claims. However, there are exceptions to this  
7 general rule. Therefore, if a class of General Unsecured Claims votes against the Plan, the Plan cannot  
8 be confirmed where a Class of Interest Holders will receive or retain any property under the Plan,  
9 unless the Plan provides that the class of General Unsecured Claims shall be paid in full with interest  
10 or an exception to the general rule applies. (“Fair and equitable” also means that each Holder of an  
11 Interest must receive the value of such Interest or else no junior Interest is entitled to receive  
12 anything.)

13 Notwithstanding the foregoing, one of the exceptions to the “fair and equitable” is where the  
14 plan contemplates an infusion of “new value” in which case General Unsecured Creditors need not be  
15 paid in full.

16 In this Case, the Debtor believes that the treatment of Secured Claims is consistent with the  
17 requirements of Bankruptcy Code §1129(b)(2)(A)(i) in that such Holders are retaining their liens and  
18 receiving deferred cash payments totaling their Allowed Claim, of a value, as of the Effective Date of  
19 the Plan, of at least the value of such Holder’s interest in the Story Building Property.

20 In this Case, the Debtor also believes that the treatment of General Unsecured Claims is  
21 consistent with the requirements of Bankruptcy Code §1129(b)(2)(B). The Plan proposes that General  
22 Unsecured Creditors will receive payment in full based. In addition, the retention of the Interest is  
23 likewise permissible by virtue of the New Value Contribution required under the Plan.

24 **E. MEANS OF EFFECTUATING THE PLAN**

25 1. Funding For The Plan

26  
27 A. After the Effective Date, Class 1A treatment under the Plan shall  
28 be funded from continued business operations, including, Net



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Rental Income.

B. The Reorganized Debtor will not use Net Rental Income to pursue litigation against Liftech or Broadway, absent the express written consent of Wells. The Reorganized Debtor shall not use Net Rental Income to pursue any Rights of Action against Wells. The Reorganized Debtor will not use Net Rental Income to pay any other classes of claims junior to Class 1A until after Class 1A is paid in full.

C. Payments to junior classes shall be funded from the New Value Contributions. The New Value Deposit shall be made on before the Confirmation Hearing. Pursuant to the proposed Plan, the New Value was deposited with the Debtor as part of the New Value Contribution in the amount of \$110,000 on November 25, 2011 and an additional \$60,000 on January 10, 2012. With the consent of Wells, the foregoing New Value Contributions were used to pay administrative property taxes and insurance for the Story Building Property. Since the Petition Date, an aggregate amount of approximately \$300,000 in new value (inclusive of the \$170,000 discussed above) has already been contributed on behalf of Safari and used to fund real estate taxes and insurance. After the Effective Date, the New Value Contributions shall be delivered to the Debtor as is required to cover any shortfall in the payment of property taxes that come due after the Effective Date as well as the shortfall in any Plan payments. Without limiting the generality of the foregoing, a New Value Deposit in the amount of at least \$650,000 shall be made before the Confirmation Hearing of which the sum of approximately \$350,000 is being held in the trust account of the Debtor's Counsel. The New Value Deposit may be

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1 used for purposes of satisfying, in whole or in part, fees and  
2 expenses of the Debtor's professional as approved by the  
3 Bankruptcy Court to the extent such fees and expenses are not  
4 compensable from cash collateral. The New Value Contribution  
5 for professional fees and expenses shall be in amount agreed to  
6 between the Debtor and such professionals prior to the  
7 Confirmation Hearing. The Debtor and the New Value  
8 Contributor represent and warrant that each and every New Value  
9 Contribution shall be made in accordance with all United States  
10 governmental laws and regulations, including, but not limited to  
11 the Patriot Act, and that the source of funds shall not be prohibited  
12 by any United States government laws and regulation, including,  
13 but not limited to the Patriot Act. Neither the Debtor nor any  
14 person or entity owning any direct or indirect ownership or  
15 beneficial interest in the Debtor or providing, directly or indirectly,  
16 any of the funds used in connection with this Plan is a person or  
17 entity named on a list maintained by the OFAC and any other  
18 similar list maintained by the U.S. Treasury Department, OFAC  
19 pursuant to any requirements of law including, without limitation,  
20 trade embargo, economic sanctions or other prohibitions imposed  
21 by Executive Order of the President of the United States, or is a  
22 Specially Designated National or Blocked Person under the  
23 programs administered by or in connection with OFAC. The term  
24 "person or entity" as used in this paragraph shall include, without  
25 limitation, any state, country, territory, governmental entity, and  
26 non-governmental organization.

27 D. The initial maturity date under the Wells Loan Documents will be  
28 extended to December 31, 2015, subject to the Extended Wells

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Maturity Date.

- E. After the Effective Date, Net Rental Income, if any, for calendar years 2012, 2013, 2014 and 2015, as determined on January 15<sup>th</sup> of the following applicable year, will be used to fund the Wells Advance Reimbursement Amount. Notwithstanding the foregoing, it shall not constitute an event of default under the Loan Documents or a Plan Default (as defined below) if there is no Net Rental Income available for such purpose.
- F. After the Effective Date, until the Holder of the Wells Allowed Claim has been paid in full, no payments will be made from Net Rental Income to any Holder of a General Unsecured Claim or Interest, which Holder qualifies as an Insider.
- G. The New Value Contributor will provide on the Effective Date the New Value Contribution, if necessary to cover payments due on the Effective Date of the Plan, including Professional Fee Claims.
- H. Safari has dismissed the Safari Bankruptcy Case. To that end, cash required for payment of claims necessary to effectuate dismissal of the Safari Bankruptcy Case was contributed on behalf of Safari by Gholam Ali Safari.
- I. Safari's father, Gholam-Ali Safari, will become the New Value Contributor.
- J. Gholam-Ali Safari will become the new manager of the Story Building Property. On the Effective Date, Gholam-Ali Safari will execute and deliver the New Value Contributions Agreement. In addition to the Plan payments required to be made from the New Value Contribution, the New Value Contributor is committing under the Plan (to be memorialized in the New Value Contribution Agreement) to infuse sufficient sums as may be necessary to

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1 ensure the Debtor's timely payment of the following: (i) operating  
2 expenses of the Story Building Property to the extent income falls  
3 below projected levels or expenses exceed projected levels; (ii) any  
4 shortfall each month in income necessary to make the Class 1A  
5 Interest Payment due to Well in Class 1A; and (iii) the Estimated  
6 Plumbing/AQMD Renovation Cost.

7 K. Special counsel has been retained by Gholam-Ali Safari to pursue  
8 the necessary OFAC approvals required for future New Value  
9 Contributions necessary to fund the Plan, at no cost to this Estate.

10 L. On or before the earlier of the Effective Date or December 1, 2012,  
11 the New Value Deposit may be used to cover the tax installments  
12 due on the Story Building Property on December 10, 2012 and  
13 April 10, 2103 as well as the real estate insurance premiums due  
14 after the Effective Date.

15 M. The New Value Deposit will be increased, if necessary, as required  
16 by the Bankruptcy Court in connection with Confirmation.

17 N. Liftech and the Debtor have reached agreement in principle for the  
18 treatment of Liftech's Claims, the essential terms are memorialized  
19 in the applicable sections of the Plan respecting the treatment of  
20 Liftech's Claims. The agreement will entail a new elevator  
21 servicing agreement between the Debtor and Liftech, to commence  
22 after the Effective Date and after payment of the Priority Claim of  
23 Liftech and the first \$100,000 payment to Liftech. Liftech and the  
24 Debtor intend to draft a separate service agreement to be filed and  
25 served prior to the Confirmation Hearing; and, the parties intend  
26 seek approval of both the compromise and the agreement  
27 contemporaneously with Confirmation. On the Effective Date and  
28 after approval and execution of the agreements contemplated

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1 herein and provided that Liftech has delivered timely Ballots  
2 accepting the Plan in each class in which it holds a claim, the  
3 Liftech Avoidance Action will be dismissed with prejudice.

4 O. A Wells Principal Reduction Payment (\$578,000) will be made to  
5 the Holder of the Allowed Class 1A Claim on December 31, 2014.  
6 To the extent the Net Rental Income was insufficient to cause a  
7 Wells Principal Reduction Payment in the aggregate amount of  
8 \$578,000 by December 31, 2014, a payment in the amount  
9 necessary to cover the shortfall necessary for the Wells Principal  
10 Reduction Payment will paid by the New Value Contributor.

11 P. On the Effective Date, the Debtor shall establish the TI Account.

12 Q. Prior to the Second Extended Wells Maturity Date, the Final  
13 Principal Reduction Payment will be made by Gholam-Ali Safari,  
14 if necessary, in an amount required to obtain the Takeout Loan.

15 R. Prior to the applicable Extended Wells Maturity Date, the Debtor  
16 may obtain the Takeout Loan to make the Final Payment of the  
17 Wells Claim.

18 S. Gholam-Ali Safari will execute and deliver to the Takeout Lender  
19 the Takeout Loan Guaranty, if necessary, to obtain the Takeout  
20 Loan.

21 2. Post-Confirmation Management.

22 A. The Reorganized Debtor has the right to continue to manage its  
23 property and business after the Effective Date.

24 B. On and after the Effective Date, the Reorganized Debtor will  
25 continue to be managed by Gholam Ali Safari.

26  
27 C. All property of the estate will revert on the Effective Date in the  
28 Reorganized Debtor, free and clear of all Claims, liens, interests

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1 and encumbrances, except as expressly provided for in the Plan.

2 3. Claims Resolution Process

3 A. The Debtor reserves the right to file objections to Claims and, if  
4 necessary, a motion to estimate Claims for purposes of voting and  
5 distribution, except as provided for under the Plan.

6 B. Any Disputed Claims may be resolved as follows:

7 a. The Debtor or Reorganized Debtor may file its objections  
8 to the Disputed Claims.

9 b. The Debtor may request that the Bankruptcy Court estimate  
10 the allowable amount of any Disputed Claim for purposes of  
11 determining voting and/or distribution. However, if such  
12 estimation is only for purposes of voting such determination shall  
13 neither determine Debtor's actual liability for the Claim nor finally  
14 fix the amount of the Claim, which may be later determined by the  
15 Bankruptcy Court to be higher or lower than the amount estimated.

16 c. The Reorganized Debtor reserves its right to file objections  
17 to any Claims filed after the date of the Plan, except as provided  
18 for under the Plan. As to such newly filed Claims, an order  
19 confirming the Plan shall not be res judicata, collateral estoppel, or  
20 other bar to the Reorganized Debtor or other party in interest's  
21 right to object to such Claims after the Effective Date.

22 d. The Bankruptcy Court shall retain jurisdiction to consider  
23 all objections to Claims, including objections filed after the  
24 Effective Date.

25 4. Disbursing Agent/Distributions

26 A. The Reorganized Debtor shall be the Disbursing Agent designated for the purpose of  
27 making all Distributions provided for under the Plan; unless the Reorganized Debtor, in its  
28 absolute and sole discretion, elects to designate another, which designee may be an

1 employee, insider or affiliate. The Disbursing Agent may employ or contract with any  
2 Person, such as a transfer agent, to assist in or perform the distribution of assets and funds  
3 to be distributed. The Disbursing Agent shall serve without bond. If the Disbursing Agent  
4 is some person other than Reorganized Debtor, it may receive reimbursement of any and all  
5 reasonable expenses incurred, as well as compensation for distribution services rendered  
6 pursuant to the Plan of no more than one-half of one percent of net Distributions disbursed.

7 B. Following the Effective Date, the Disbursing Agent shall make the Distributions to  
8 Creditors as and when required under the Plan. Except as otherwise provided by the Plan,  
9 all payments and Distributions under the Plan shall be in full and final satisfaction,  
10 settlement, release and discharge of all Claims and Interests. Any Creditor may agree to  
11 accept a lesser payment or payments. Notwithstanding anything to the contrary herein, no  
12 Holder of an Allowed Claim shall receive in respect of such Claim any Distribution of a  
13 value in excess of the Allowed Amount of such Claim. Except as otherwise provided by  
14 the Plan or related documents, all payments and Distributions made under the Plan with  
15 respect to a particular Allowed Claim shall be allocated to the principal amount of such  
16 Allowed Claim. Any federal, state or local withholding taxes or other amounts required to  
17 be withheld under any applicable law shall be deducted from any Distributions hereunder.  
18 All Holders of Claims and Interests shall be required to provide information to effectuate  
19 the withholding of such taxes.

20 5. Miscellaneous Issues Regarding Plan Distributions

21 A. Name and Address of Holder. For purposes of all Distributions under the Plan , the  
22 Disbursing Agent will be entitled to rely on the name and address of the Person holding  
23 each Allowed Claim or Interest as shown on any timely filed Proof of Claim or Interest, or,  
24 if none, on the name and address set forth in the Debtor's most recent Schedules filed with  
25 the Bankruptcy Court, as amended from time to time, except to the extent that the  
26 Disbursing Agent first receives adequate written notice of a transfer or change of name  
27 and/or address, properly executed by the Person holding the Allowed Claim or Interest or  
28 its authorized agent. Unless otherwise agreed by a Person holding a particular Claim or

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1 Interest, all Distributions shall be made by regular mail, and in all cases where delivery or  
2 Distribution is effectuated by mail, the date of delivery of Distribution shall be the date of  
3 mailing. Distributions made in accordance with this paragraph will be deemed delivered to  
4 the designated recipient regardless of whether such property is actually received by such  
5 Person.

6 B. Unclaimed Payments. Any funds to be distributed to Holders of Claims under the Plan  
7 shall be forfeited if such funds are not claimed by the Person entitled to payment before the  
8 later of one (1) year after Confirmation or sixty (60) days after an order Allowing the  
9 Claim of that entity becomes a Final Order; provided, however, that the Disbursing Agent  
10 takes reasonable steps to effectuate Distribution to the Creditor, and further provided that  
11 unclaimed Distributions of Cash shall be held by the Disbursing Agent in a segregated  
12 account until all Distributions are made to such Class pursuant to the Plan . If forfeited  
13 funds thereafter remain unclaimed, they shall be disbursed to the General Account of the  
14 Reorganized Debtor to be used for operations.

15 6. Execution of Documents/Lien Release Procedures

16 A. Upon the issuance of the Confirmation Order by the Bankruptcy Court, the Reorganized  
17 Debtor shall be authorized to take all actions necessary or appropriate to complete and  
18 consummate the transactions described herein and to enter into and implement the  
19 contracts, instruments and other agreements or documents created in connection with the  
20 Plan or to be executed and delivered pursuant to the Plan before, on, or after, the Effective  
21 Date.

22 B. Within thirty (30) days after the Effective Date of the Plan, unless otherwise provided for  
23 under the Plan, Holders of Claims who have recorded liens or other security documents  
24 against property of the estate shall file releases of their liens with the appropriate  
25 government agencies (“Release Procedures”). In the event that the foregoing claimants do  
26 not complete the Release Procedures, the Reorganized Debtor shall be granted, pursuant to  
27 the order confirming the Plan, power of attorney authority, and authority under FRBP 7070  
28



1 (and Federal Rule of Civil Procedure 70), for the limited purpose of implementing and  
2 consummating the Release Procedure.

3 **F. OTHER PROVISIONS OF THE PLAN**

4 1. Executory Contracts and Unexpired Leases

5 Assumption

6 The Reorganized Debtor will assume certain pre-petition leases and executory contracts of  
7 Debtor. A specific list of all executory contracts and/or unexpired leases to be assumed by the  
8 Reorganized Debtor under the Plan (“**Assumed Contract Schedule**”) will be filed with the  
9 Bankruptcy Court and served on the other party to such contract or lease by the Exhibit Filing Date.

10 On the Effective Date, each of the unexpired leases and executory contracts listed on the  
11 Assumed Contract Schedule shall be assumed as obligations of the Reorganized Debtor. The  
12 Confirmation Order shall constitute an order approving the assumption of each lease and contract to be  
13 identified on the Assumed Contract Schedule. If a party to a lease or contract to be assumed objects to  
14 the assumption of its lease or contract, such party must file and serve its objection to the proposed  
15 assumption of its lease or contract within the deadline for objecting to the confirmation of the Plan.

16 Rejection

17 The Reorganized Debtor will reject certain pre-petition leases and executory contracts of  
18 Debtor. A specific list of all executory contracts and/or unexpired leases to be rejected by the  
19 Reorganized Debtor under the Plan (“**Rejection Schedule**”) will be filed with the Bankruptcy Court  
20 and served on the other party to such contract or lease by the Exhibit Filing Date.

21 In addition, all executory contracts and unexpired leases that have not been specifically  
22 assumed will be deemed rejected on the Effective Date, despite not being included on the Rejection  
23 Schedule. The Confirmation Order shall constitute an order approving the rejection of the lease or  
24 contracts not specifically assumed.

25  
26 In addition, the Debtor rejects any and all executory contracts between the Debtor and Liftech  
27 to the extent not previously terminated.

28 **THE BAR DATE FOR FILING A PROOF OF CLAIM BASED ON A CLAIM**

1 **ARISING FROM THE REJECTION OF A LEASE OR CONTRACT IS THIRTY**  
2 **(30) DAYS AFTER THE ENTRY OF AN ORDER CONFIRMING THE PLAN.**

3 Any claim based on the rejection of a contract or lease will be barred if the proof of claim is  
4 not timely filed, unless the Bankruptcy Court later orders otherwise.

5 2. Changes in Rates Subject to Regulatory Commission Approval

6 The Debtor is not subject to governmental regulatory commission approval of its rates.

7 3. Retention of Jurisdiction

8 After Confirmation of the Plan and after the Effective Date, in addition to jurisdiction  
9 which exists in any other court, the Bankruptcy Court will retain such jurisdiction as is legally  
10 permissible including for the following purposes:

11 1. To resolve any and all disputes regarding the operation and interpretation of the  
12 Plan and the Confirmation Order;

13 2. To determine the allowability, classification or priority of Claims and Interests  
14 upon objection by the Debtor, or by other parties in interest with standing to bring such objection or  
15 proceeding;

16 3. To determine the extent, validity and priority of any lien asserted against the  
17 property of the Reorganized Debtor or property of the Debtor's Estate, including, without limitation,  
18 the lien rights, if any, asserted by the Holders of Claims treated in Classes 1B, 1C and 1D;

19 4. To (i) construe and take action to enforce the Plan, the Confirmation Order and  
20 any other order of the Bankruptcy Court, (ii) issue such orders as may be necessary for the  
21 implementation, execution, performance, and consummation of the Plan and the Confirmation Order,  
22 and all matters referred to in the Plan and the Confirmation Order, and (iii) determine all matters that  
23 may be pending before the Bankruptcy Court in the Case on or before the Effective Date with respect  
24 to any Person or entity;

25  
26 5. To determine (to the extent necessary) any and all applications for allowance of  
27 compensation and reimbursement of expenses of professionals for the period before, on and after the  
28 Effective Date;

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- 1                   6.       To determine any requests for payment of Administrative Expenses;
- 2                   7.       To resolve any dispute regarding the implementation, execution, performance,  
3 consummation or interpretation of the Plan or the Confirmation Order;
- 4                   8.       To determine motions for the rejection, assumption or assignment of executory  
5 contracts or unexpired leases filed before the Effective Date and the allowance of any Claims resulting  
6 therefrom;
- 7                   9.       To determine all applications, motions, adversary proceedings, contested  
8 matters and any other litigated matters instituted during the Case whether before, on or after the  
9 Effective Date, including, without limitation, any and all claims, causes of action, setoffs, recoupments  
10 and the determination of any other rights respecting Liftech and Broadway Exchange Building LLC;
- 11                  10.       To determine such other matters and for such other purposes as may be  
12 provided in the Confirmation Order;
- 13                  11.       To modify the Plan under Bankruptcy Code § 1127 in order to remedy any  
14 apparent defect or omission in the Plan, or to reconcile any inconsistency in the Plan so as to carry out  
15 its intent and purpose, or implement any settlement reached;
- 16                  12.       Except as otherwise provided in the Plan or the Confirmation Order, to issue  
17 injunctions to take such other actions or make such other orders as may be necessary or appropriate to  
18 restrain interference with the Plan or the Confirmation Order, or to restrain the execution or  
19 implementation by any Person of the Plan or the Confirmation Order;
- 20                  13.       To issue such orders in aid of consummation of the Plan or the Confirmation  
21 Order, notwithstanding any otherwise applicable non-bankruptcy laws, with respect to any Person, to  
22 the fullest extent authorized by the Bankruptcy Code or FRBP;
- 23                  14.       To enter a final decree closing this Chapter 11 Case; and,
- 24                  15.       To enter any order approving the sale or refinance of the Story Building  
25 Property after the Effective Date to the extent requested by the Reorganized Debtor.

26       **G.   RESERVATION OF RIGHTS AND LITIGATION/ POST-CONFIRMATION CLAIMS OF DEBTOR**

27               The Reorganized Debtor reserves its rights to object to all Claims, including those identified in  
28 the Disclosure Statement, except as otherwise provided in the Plan. In addition, certain Claims may

1 be subject to rights of offset, recoupment or counterclaims of the Debtor and/or Reorganized Debtor,  
2 and those rights are reserved by the Reorganized Debtor.

3 The Reorganized Debtor reserves its rights to pursue any and all Rights of Action. Without  
4 limiting the generality of any of the foregoing, the Reorganized Debtor reserves its rights to pursue  
5 any and all Avoidance Actions.

6 Without limiting the generality of any of the foregoing, the Reorganized Debtors shall pursue  
7 Rights of Action, any and all preference actions and fraudulent transfer actions that may exist, claims  
8 litigation and estimation for the benefit of the Debtor's Estate. The Reorganized Debtor reserves the  
9 right on and after the Effective Date to file, serve, prosecute and pursue any and all claims, causes of  
10 action, Avoidance Actions, setoffs, recoupments, declaratory relief actions and lawsuits, of any kind or  
11 nature, whether in law or in equity, and the determination of any other rights, whether in contract or  
12 tort, against Liftech, including, without limitation, for breach of contract, breach of express and  
13 implied covenants, negligence, misrepresentation, fraud, breach of fiduciary duty, unfair business  
14 practices and business disparagement.

15 The Reorganized Debtor reserves the right to pursue all claims and causes of action against  
16 USV and/or Blackhawk.

17 The Reorganized Debtor, in its absolute and sole discretion, reserves the right to supplement  
18 any at any time before or after the Effective Date the reserved litigation to include actions, causes of  
19 action, claims, avoidance actions, declaratory relief actions and lawsuits, of any kind or nature,  
20 whether in law or in equity, that the Debtor may have against any Claimant or any other person or  
21 entity by filing with the Bankruptcy Court **Schedule I**; upon such filing, Schedule I shall be deemed to  
22 be incorporated as part of the Disclosure Statement, Plan and Confirmation Order as of the Effective  
23 Date without further order of the Bankruptcy Court; and, none of the Disclosure Statement, Plan  
24 and/or Confirmation Order shall act as bar against the filing and/or prosecution of any such actions,  
25  
26 causes of action, claims, avoidance actions, declaratory relief actions and lawsuits, and/or the  
27 enforcement of any judgment obtained with respect thereto.

28 The Reorganized Debtor, in its absolute and sole discretion, may settle such actions following

1 the Effective Date without further notice or hearing, except as otherwise provided in the Plan.

2 **H. POST CONFIRMATION UST FEES AND IDENTITY OF THE ESTATE REPRESENTATIVE**

3 The Reorganized Debtor shall timely pay all UST Fees incurred after Confirmation until the  
4 entry of a final decree closing the Case. The Reorganized Debtor shall be the Estate representative for  
5 purposes of complying with the Debtor's reporting requirements to the Bankruptcy Court and the UST  
6 and for obtaining a final decree closing the Case.

7 **I. SUMMARY OF THE PLAN RISKS FACTORS**

8 The Debtor's ability to perform under the Plan is subject to various factors and contingencies,  
9 some of which are described below. The following discussion summarizes only some of the material  
10 risks associated with the Plan and the Reorganized Debtor, and is not exhaustive. Moreover, this  
11 section should be read in connection with the other disclosures contained in the Plan and Disclosure  
12 Statement. Each Holder of a Claim and Interest, in conjunction with its advisors, should supplement  
13 the following discussion by analyzing and evaluating the Plan and Disclosure Statement as a whole.  
14 **THE RISKS ASSOCIATED WITH THE PLAN AND THE REORGANIZED DEBTOR MUST BE**  
15 **CAREFULLY CONSIDERED IN DETERMINING WHETHER TO VOTE TO ACCEPT THE**  
16 **PLAN.**

17 This discussion assumes that the Plan is confirmed and that the Effective Date occurs.  
18 However, the occurrence of the Effective Date of the Plan is subject to a number of additional  
19 conditions, the failure or occurrence of which may delay the Effective Date from occurring at all. The  
20 proposed Plan has the following general risks:

- 21 • Possibility of default under the terms of the Plan (i.e. possibility of inability to pay the Debtor's  
22 Plan payments). This could result from many business factors, such as an unanticipated loss  
23 of income due to further deterioration in the economy adversely affecting the jewelry industry.
- 24 • The Debtor fails to meet operating projections for the Story Building Property, including as a  
25 result of tenant defaults as the economy continues to deteriorate. However, the New Value  
26 Contributor has agreed to cover any shortfall, so this risk is substantially decreased.
- 27 • Possibility of default by the New Value Contributor. However, this risk has been substantially  
28 lessened by Gholam Ali Safari's agreement to become the New Value Contributor due to his  
extensive wealth. The risk that Gholam Ali Safari will be unable to transfer money from Iran  
to the United States no longer exists since OFAC granted approval to Gholam Ali Safari to

1 transfer money into the United States. This update is discussed in more detail in Section VI  
2 below. Furthermore, the economy of Iran has been in flux which could impact Gholam Ali  
3 Safari's net wealth. See, discussion on OFAC approval in Section VI. There is also a risk that  
4 Gholam Ali Safari will fail to make the Wells Principal Reduction Payments and/or the Final  
Principal Reduction Payment, which may result in an inability to obtain the Takeout Loan.  
See, additional analysis in the Section VI below.

- 5 • Destruction or material damage to the Story Building Property.
- 6 • Environmental or zoning regulations. Inability to comply with the notices of compliance  
7 respecting the plumbing and F-1 manufacturing, discussed above. However, this risk has been  
8 substantially lessened by Gholam Ali Safari's agreement to become the New Value  
Contributor and cover the necessary costs thereof. See, Plumbing and AQMD issues discussed  
9 earlier in the Disclosure Statement.
- 10 • Inability to satisfy the conditions to the Extended Wells Maturity Date by failing to pay the  
Wells Principal Reduction Payment and/or Extension Fee.
- 11 • Adverse changes in general economic conditions.
- 12 • Higher than anticipated default or vacancy rate. However, this risk has been substantially  
13 lessened by Gholam Ali Safari's agreement to cover any shortfall.
- 14 • Non-occurrence of the Effective Date.
- 15 • Non-renewal of leases in the Story Building Property and prolonged delay in obtaining new  
16 tenants. However, this risk has been substantially lessened by Gholam Ali Safari's agreement  
17 to cover any shortfall.
- 18 • OFAC has granted approval to Gholam Ali Safari to move money from Iran to the United  
19 States. As will be demonstrated at Confirmation, Gholam Ali Safari's is a man of significant  
20 resources. Further, inasmuch as Safari's assets have been brought current by Gholam Ali  
21 Safari and are out of jeopardy, these U.S. assets have substantial equity and likewise enhance  
22 feasibility. The reader is requested to review Section VI A below for a complete understanding  
23 of necessity of the New Value Contribution to the Plan funding, OFAC regulations related  
there to, and risks to the Plan had the New Value Contributor been unable to transfer funds to  
the United States from Iran. See, Section VI below for a more thorough discussion of the risks  
that had been associated with the inability to transfer of funds by the New Value Contributor.
- 24 • Risk that the Debtor will be unable to obtain the Takeout Loan upon the maturity date of the  
25 Well's Claim.

26 The foregoing is a disclosure of general risks. However, the Debtor is not currently aware of  
27 any imminent event which falls into any of the foregoing categories, which would render the  
28

1 feasibility of the Plan highly suspect at this time. Based upon current information available, the  
2 Debtor is confident that it can make such payments.

3  
4 **V.**

5 **LIQUIDATION ANALYSIS/BEST INTEREST TEST**

6 Another confirmation requirement is the “Best Interest Test”, which requires a liquidation  
7 analysis. Under the “Best Interest Test”, if a Holder of a Claim or Interest is in an impaired Class and  
8 such Holder does not vote to accept the Plan, then that Holder of a Claim or Interest must receive or  
9 retain under the Plan property of a value not less than the amount that such holder would receive or  
10 retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

11 In a hypothetical Chapter 7 case, the hypothetical debtor’s assets are usually sold by a Chapter  
12 7 trustee. Secured Creditors are generally paid first from the sales proceeds of properties on which the  
13 secured creditor has a lien. Administrative claims (both Chapter 7 and then Chapter 11) are paid next.  
14 Next, the General Unsecured Creditors are paid from any remaining sales proceeds, according to their  
15 rights to priority. General Unsecured Creditors with the same priority share in proportion to the  
16 amount of their Allowed Claim in relationship to the amount of total Allowed General Unsecured  
17 Claims. Finally, the Interest Holders receive the balance, if any, that remains after all creditors are  
18 paid.

19 The Debtor’s Liquidation Analysis is attached as *Exhibit “3”*. Specifically, the Liquidation  
20 Analysis projects that the Holders of General Unsecured Claims would receive no distribution in the  
21 event that the Debtor was to liquidate under Chapter 7 of the Bankruptcy Code. Even under the best  
22 case scenario, which assumes the highest recoveries for the property of the estate, the vast majority of  
23 these funds would go to satisfy the Secured Claims, Chapter 7 Administrative Claims, Chapter 11  
24 Administrative Claims and Priority Claims.

25 The Debtor maintains that the best interest requirement is met here for the following reasons.  
26 In a hypothetical Chapter 7 case, the Secured Claims of Wells would likely assert a claim in the  
27 approximate amount of between \$13,707,000 and \$14,570,992, by virtue of an asserted prepayment  
28 premium claimed as a consequence of default in the approximate amount of \$1,556,512; and, asserted  
default interest in the approximate amount of \$1,152,928. Wells would likely seek to foreclose.

1 Alternatively, a forced sale in this market will not result in the highest and best price for the Story  
2 Building Property, and Wells would likely seek to credit bid its bloated secured claim. The Plan  
3 proposes to delay sale or refinance until the market improves. Furthermore, the Plan proposes the  
4 infusion of the New Value Contribution as needed.

5 In a hypothetical Chapter 7 case, a trustee is appointed and entitled to compensation from the  
6 bankruptcy estate in an amount not to exceed 25% of the first \$5,000 of all moneys disbursed, 10% on  
7 any amount over \$5,000, but less than \$50,000, 5% on any amount over \$50,000 but not in excess of  
8 \$1 million, and 3% on all amounts over \$1 million. In a hypothetical Chapter 7 case, a trustee would  
9 be entitled to fees in the approximate amount of \$503,250 on projected distributions in Chapter 7,  
10 including to Secured Claims, Priority Claims and Administrative Claims. In addition to this added  
11 Administrative Expense, the Chapter 7 trustee will most certainly employ professional persons, such  
12 as legal counsel, accountants and appraisers. The Chapter 7 professional fees and expenses are  
13 conservatively projected to be an additional \$325,000. Thereafter, the Chapter 11 costs of  
14 administration would have to be paid in the approximate amount of \$200,000.

15 The aggregate amount of the Secured Claims is approximately \$14,028,708, assuming a  
16 Secured Claim of Wells of approximately \$13,717,000 and other Secured Claims of approximately  
17 \$311,708. In addition, there are Priority Claims in the approximate \$9,696.

18 Based on the foregoing assumptions, even under a best case scenario where full fair market  
19 value is realized for the Story Building Property, the liquidation of the Debtor's Estate will result in no  
20 distribution to unsecured creditors. The analysis below assumes that the Story Building Property has a  
21 value under the Plan of \$16,000,000. The analysis will be materially impacted should the Court find  
22 that the amount of the Wells Secured Claim is higher (such as \$14,570,992); or should the Story  
23 Building Property liquidate at a higher value (such as \$17,000,000).

24	Story Building Property/personal property		\$16,000,000
25	Secured Claims	(\$14,028,708)	
26	Cost of Sale (8%)	(\$1,200,000)	
27	Rights of Action		\$771,292

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1	Cash		\$110,543 <sup>3</sup>
2	Intangible Assets		\$0 <sup>4</sup>
3	Net remaining		\$881,835
4	Chapter 7 Trustee fees	(\$503,250)	
5	Chapter 7 Professional Fees		(\$325,000)
6	Chapter 11 Costs of Administration		(\$285,000)
7	Priority Claims		(\$9,696)
8	Net Available for Unsecured Creditors		(\$241,111)

8 The foregoing analysis does not take into account that the Story Building may realize less than  
9 fair market value in a forced chapter 7 liquidation sale. Based on even the foregoing best case  
10 scenario, liquidation results in no distribution to unsecured creditors. By comparison, the Liquidation  
11 Analysis set forth in *Exhibit "3"* assumes a forced liquidation sale in Chapter 7 by the Chapter 7  
12 trustee. In comparison, the Plan proposes to pay senior classes of creditors from operations; and pay  
13 the Holders of General Unsecured Claims in full.

14 **The Debtor has estimated the liquidation values of its assets based upon the most**  
15 **accurate information that is currently available. Because those estimates are a prediction of**  
16 **what could be obtained in the future if such assets were liquidated, there is no guarantee that the**  
17 **estimates are entirely accurate. It is possible that the actual liquidation of the assets would**  
18 **generate either more or less than the estimated values set forth herein.**

19 **VI.**

20 **FINANCIAL INFORMATION**

21 **A. FEASIBILITY**

22 The Bankruptcy Code requires that, in order for the Plan to be confirmed by the Bankruptcy  
23 Court, it must be demonstrated that consummation of the Plan is not likely to be followed by the  
24 liquidation or the need for further financial reorganization of the Debtor, unless such liquidation or  
25 reorganization is proposed in the Plan. See, Bankruptcy Code § 1129(a)(11).

26 In this Case, the Plan is to be funded from cash on hand, income derived from operation of the  
27

28 <sup>3</sup> Cash would likely be claimed by Wells as cash collateral and applied to interest accruing during the Chapter 7.

<sup>4</sup> Estimated at 10%

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1 Story Building Property and the New Value Contribution. The New Value Contribution consists of  
2 contribution made by Gholam Ali Safari, part of which is already on deposit, part of which will be  
3 made on or before the Confirmation Hearing and part of which will be funded during the term of the  
4 Plan. Based on current operating income and the Debtor’s opinion as to valuation, among other  
5 factors, the New Value Contribution is necessary to feasibility of the Plan. Since a significant portion  
6 of the New Value Contribution will be funded over the term of the Plan, Gholam Ali Safari’s ability to  
7 fund the New Value Contribution over time significantly impacts Plan feasibility. Below is a general  
8 discussion of Gholam Ali Safari’s financial situation and his ability to fund the New Value  
9 Contribution under the Plan. In order to avoid unnecessary public disclosure of his personal financial  
10 information, creditors and parties in interest may obtain more detailed information about Gholam Ali  
11 Safari’s personal financial information, by requesting a copy in the manner described below.

12 This Case also presents a unique situation which creditors must factor into their risk analysis.  
13 The source of funds for the New Value Contribution is located in Iran. Therefore, the feasibility and  
14 success of the Plan depends upon the ability of Gholam Ali Safari to transfer money from Iran to the  
15 United States. Set forth below is a discussion about the status of the funds, impediments to  
16 transferring such funds and the risks to Plan feasibility.

17 1. **Cash on Effective Date**

18 There are at least two important aspects of a feasibility analysis. The first aspect  
19 considers whether the Debtor will have enough Cash on hand on the Effective Date of the Plan to pay  
20  
21 all the claims and expenses which are entitled to be paid on such date. The Debtor maintains that this  
22 aspect of feasibility is satisfied as illustrated here:

<b><u>CLAIM</u></b>	<b><u>CREDIT</u></b>	<b><u>DEBIT</u></b>	<b><u>SUBTOTAL/TOTAL</u></b>
Projected Cash on hand by Effective Date	\$110,543		
Projected New Value Deposit on hand by Effective Date	\$650,000		
<b>TOTAL CASH ON EFFECTIVE DATE</b>			<b>\$715,000</b>

<u>CLAIM</u>	<u>CREDIT</u>	<u>DEBIT</u>	<u>SUBTOTAL/TOTAL</u>
Est. Administrative claims including statutory costs & charges		(\$200,000)	
Est. Priority Claims		(8,700)	
Liftech Effective Date Payment		(\$100,000)	
<b>TOTAL DUE ON EFFECTIVE DATE</b>			<b>(\$308,700)</b>
<b>BALANCE</b>			<b><u>\$406,300</u></b>

2. The Source of the New Value Contribution

The source of the New Value Contribution is from New Value Contributor, Gholam Ali Safari. Pursuant to the New Value Contribution Agreement, he has committed to funding the Plan in such amounts as are necessary to fund operating expenses (including, without limitation property tax payments and debt service) and or payments under the Plan. Gholam Ali Safari has not insisted or required that there be a cap on his New Value Contribution.

As discussed below in further detail, Gholam Safari is arranging to transfer approximately \$6 million dollars to the United States and has already applied for a license from OFAC, which has been granted. *See, Exhibit 10.* This transfer of approximately \$6 million dollars will come from the sale of some of his real estate holdings in Iran. The property descriptions of the real estate holdings in Iran, which will be the source of the New Value Contribution, are as follows:

- Two apartment units located at #46, Parastoo Street, Azimieh, Karadj, Iran.
- Residential property located at #14, Zangreb Street, Azimieh, Karadj, Iran.
- Two apartment units located at #64 Fana Khosrow Street, Tayrish Square, Tehran, Iran.

Collectively, these properties, which are described above, have a total value of approximately \$6.5 million dollars. *See, Exhibit 9.* The two apartment units in Tehran, Iran, which are described above, are valued at approximately \$5 million dollars and have already been sold. The proceeds are immediately available to be transferred to the United States upon approval of OFAC, which has occurred. According to Gholam Ali Safari's personal financial statement, his net worth is in excess of

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1 \$23 million dollars.<sup>5</sup> Gholam Ali Safari has no material liabilities. His net worth is composed mainly  
2 of real estate holdings in Iran. The Debtor is in possession of copies of some of the deeds for real  
3 property, which Gholam Safari owns in Iran, which have been translated into English. Collectively,  
4 they have a value of approximately \$3 million dollars.

5  
6 3. **OFAC Regulations/Risks and Impediments to Transfers of Funds from**  
7 **Iran into the United States.**

8 As stated, a significant portion of the New Value Contribution will be funded over the term of  
9 the Plan by Gholam Ali Safari. Gholam Ali Safari has been granted permission from OFAC to move  
10 funds from Iran to the United States. *See, Exhibit 10.*

11 **CURRENT INCOME DERIVED FROM THE STORY BUILDING PROPERTY IS**  
12 **INSUFFICIENT TO FUND OPERATING EXPENSES AND ALL PAYMENTS**  
13 **REQUIRED TO BE MADE UNDER THE PLAN. THEREFORE, THE PLAN RELIES**  
14 **ON FUTURE NEW VALUE CONTRIBUTIONS FROM GHOLAM ALI SAFARI TO**  
15 **COVER SOME OPERATING EXPENSES AND TO MAKE PAYMENTS UNDER THE**  
16 **PLAN, INCLUDING, WITHOUT LIMITATION, FOR PROPERTY TAXES,**  
17 **INSURANCE AND PAYMENTS TO CLASSES 1B, 1C, 1D AND 4.**

18 **THE DEBTOR BELIEVES THAT THERE WILL BE SUFFICIENT PROCEEDS ON**  
19 **DEPOSIT IN THE UNITED STATES BY THE DATE OF CONFIRMATION TO FUND**  
20 **THE PLAN FOR APPROXIMATELY ONE YEAR FOLLOWING THE EFFECTIVE**  
21 **DATE OF THE PLAN. GHOLAM ALI SAFARI HAD APPLIED FOR A LICENSE**  
22 **FROM OFAC TO PERMIT HIM TO TRANSFER PROCEEDS INTO THE UNITED**  
23 **STATES WHICH ARE REQUIRED TO FUND THE PLAN. RECENTLY, OFAC**  
24 **GRANTED APPROVAL. GHOLAM ALI SAFARI IS TRANSFERRING FUNDS TO**  
25 **THE UNITED STATES TO FUND THE PLAN**

26 As stated, Gholam Ali Safari sought OFAC approval to transfer approximately \$6 million into  
27 the United States. OFAC approval has occurred; therefore, Gholam Ali Safari will be able to transfer  
28 funds from Iran to the United States to fund the Plan. Gholam Ali Safari had retained the law firm,  
Yazdanyar Law Offices, with respect to his application to OFAC for a specific license for the sale of  
property and the transfer of assets from Iran to the United States. See, Yazdanyar Law Offices' OFAC  
application dated June 29, 2012 attached as *Exhibit "9"*. Gholam Ali Safari is currently residing in  
the United States and became a Legal Permanent Resident of the United States in December, 2010.

<sup>5</sup> This is based upon a currency exchange rate of 12,000 rials to one dollar.

1 This application on behalf of Gholam Ali Safari for a specific license was made by letter to OFAC on  
2 June 29, 2012 by Mehrnoush Yazdandar of Yazdanyar Law Offices. One of the practice areas of the  
3 Yazdanyar Law Offices is assisting Iranian-Americans and Legal Permanent Residents of the United  
4 States with the legal and transparent transfer of non-commercial funds from Iran and/or obtaining  
5 specific licenses from OFAC authorizing otherwise prohibited transactions, such as the sale of real  
6 property in Iran.

7 The ITR (Iranian Transactions Regulations, contained in the Title 31 of the Code of Federal  
8 Regulation, 31 C.F.R. § 560 et seq.) generally prohibit the importation into the United States of any  
9 goods or services of Iranian origin or owned or controlled by the Government of Iran. 31 C.F.R. §  
10 560.201. The ITR also generally prohibits the exportation, re-exportation, sale, or supply of any  
11 goods, technology, or services, directly or indirectly, from the United States or by a U.S. person,  
12 wherever located, to Iran or the Government of Iran. See, 31 C.F.R. § 560.204.

13 In addition, the ITR generally prohibits U.S. persons, wherever located, from engaging in any  
14 transaction or dealing in or related to goods or services of Iranian origin or owned or controlled by the  
15 Government of Iran; or goods, technology, or services for exportation, re-exportation, sale or supply,  
16 directly or indirectly, to Iran or the Government of Iran. 31 C.F.R. § 560.206(a). This prohibition  
17 includes, but is not limited to, purchasing, selling, transporting, swapping, brokering, approving,  
18 financing, facilitating, or guaranteeing. 31 C.F.R. § 560.206(b). The ITR define the term *US. person*  
19 to mean any United States citizen, permanent resident alien, entity organized under the laws of the  
20 United States (including foreign branches), or any person in the United States. See, ITR, § 560.314.

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1 The ITR authorizes United States depository institutions to process transfers of funds that arise  
2 from a family remittance not related to a family-owned enterprise. C.F.R § 560.516(a)(2). Transfers  
3 authorized by the ITR must be wired from Iran to a non-U.S., non-Iranian bank outside the United  
4 States, although the ultimate destination could be an account held at a United States depository  
5 institution. 31 C.F.R. § 560.516(a).

6 On February 5, 2012, the President signed Executive Order 13599, "Blocking Property of the  
7 Government of Iran and Iranian Financial Institutions," which blocks all property and interests in  
8 property of the Government of Iran, including the Central Bank of Iran, and any Iranian financial  
9 institution, that are in the United States, that hereafter come within the United States, or that are or  
10 hereafter come within the possession or control of any United States person, including any foreign  
11 branch.

12 OFAC, however, continues to issue two general licenses, which authorize certain transactions  
13 that would otherwise be prohibited by Executive Order 13599. Subject to certain exceptions, General  
14 License A authorizes under Executive Order 13599 all transactions involving property and interests in  
15 property of the Government of Iran or Iranian financial institutions that are authorized under general  
16 licenses set forth in the ITR, including § 560.516 of the C.F.R.

17 General License B authorizes U.S. depository institutions and U.S. registered brokers or  
18 dealers in securities to process transfers of funds to or from Iran or for or on behalf of an individual  
19 ordinarily resident in Iran who is not included within the term "Government of Iran" to the extent the  
20 transfer is a noncommercial, personal remittance and the transfer is not by, to, or through a person  
21 whose property and interests in property are blocked pursuant to the Weapons of Mass Destruction  
22 Proliferators Sanctions Regulations ("WMDPSR"), 31 C.F.R. § 544 et. seq., or the Global Terrorism  
23 Sanctions Regulations ("GTSR"), 31 C.F.R § 594 et. seq. or a person whose property and interests in  
24 property are blocked pursuant to any other part of 31 C.F.R. chapter V, or any Executive order, except  
25 an Iranian financial institution whose property and interests in property are blocked solely pursuant to  
26 Executive Order 13599.

27 According to the above-entitled regulations, the sale of real estate in Iran and the transfer of  
28 those assets to the United States by a U.S. person would appear to entail the prohibited importation of,

1 or dealing in, Iranian-origin services. Therefore, a specific license is required for any U.S. person to  
2 engage in such transactions. In such cases, Yazdanyar Law Offices applies for a specific license from  
3 OFAC authorizing such transactions by submitting a detailed letter outlining the proposed  
4 transaction(s) including the names and addresses of any individuals and companies involved. It has  
5 been the experience of Yazdanyar Law Offices that OFAC takes anywhere from three to six months to  
6 respond to license requests.

7 OFAC has granted approval to Gholam Ali Safari to transfer his funds to the United States.  
8 The Debtor is pleased that authorization has been granted. During the time that Yazdanyar Law  
9 Offices has been representing clients in applying for OFAC licenses for the sale of real estate in Iran,  
10 it has represented well over 100 clients. To the best of the Debtor's knowledge, Yazdanyar Law  
11 Offices has never been denied a request for this type of specific license in its representation of these  
12 clients. Ms. Yazdanyar, the principal of the firm, believes this is mainly due to the fact that the  
13 conduct at issue, the sale and transfer of assets from Iran to the United States, does not cause harm to  
14 the program objectives of ITR and Executive Order 13599 with respect to sanctions against the  
15 government of Iran. Moreover, such conduct by U.S. Person such as Gholam Ali Safari in seeking to  
16 transfer funds from the sale of property in Iran is consistent with the OFAC's underlying licensing  
17 policies as well as U.S. foreign policy goals.

18 As set forth above, Yazdanyar Law Offices had submitted a request for a specific license for  
19 the sale of property and the transfer of assets from Iran to the United States on behalf of Gholam Ali  
20 Safari. His request was substantially the same as other requests, which the firm has filed on behalf of  
21 its other clients; therefore, Ms. Yazdanyar was aware of no impediments that would cause OFAC to  
22 deny Gholam Ali Safari's license application.

23 Although Gholam Ali Safari is now legally able to transfer funds to the United States, OFAC  
24 approval is no assurance that he will be able to transfer sufficient funds to completely fund all of the  
25 New Value Contributions under the Plan. Therefore, there remains a risk to creditors respecting the  
26 funding of New Value Contributions. Similarly, the ability to transfer funds could be affected by  
27 unforeseen events, such as war, future additional imposition of trade sanctions, or material fluctuation  
28 in the currency rate (discussed below). However, at the current time, the Debtor has no reason to

1 believe that there is a material risk of these events occurring, and intends to demonstrate at the  
2 confirmation hearing that the Plan is not likely to be followed by liquidation.

3 There has been material fluctuation of Iran's currency against the U.S. dollar, which has  
4 caused some alarm in the international arena. Although the financial impact of that fluctuation upon  
5 Gholam Ali Safari is discussed separately below, creditors should consider whether recent fluctuations  
6 in the currency exchange rate will have any material impact upon the issuance of the OFAC license to  
7 Gholam Ali Safari in this Case. Although plummet of Iran's currency against the U.S. dollar is a risk  
8 that creditors should consider, there is no evidence that fluctuation of the exchange rate has had or will  
9 have any significant impact on OFAC's licensing policies. Likewise, there has been no indication that  
10 the implementation of OFAC's licensing policies will be affected by the fluctuation.

11 As discussed above, another factor potentially impacting feasibility is prospective fluctuation  
12 in the conversion rate of Iranian currency to US currency. However, as also discussed above, Gholam  
13 Ali Safari has substantial net worth and substantial assets sufficient to meet his New Value  
14 Contribution under the Plan. Therefore, absent unforeseen calamity, the more relevant risk factor is  
15 authorization to bring the money from Iran to the United States, discussed above.

16 4. **The New Value Deposit**

17 The Debtor has attempted to enhance feasibility of its Plan with the New Value Deposit. As  
18 set forth later in this section, the Debtor's Projections for 2013 demonstrate that the New Value  
19 Deposit in the amount of \$650,000 should be sufficient to fund the Plan for a twelve month period  
20 commencing on the Effective Date in the unlikely event that Gholam Ali Safari's application for a  
21 specific license is denied by OFAC or significantly delayed. \$350,000 of the New Value Deposit is  
22 already located in the United States and on deposit in the trust account of Debtor's Counsel. The  
23 remaining \$300,000 shall be deposited by the Confirmation Hearing. The year period following  
24 confirmation will permit sufficient opportunity to accomplish several alternative means of funding.

25 5. **Alternate Financing Sources**

26 It should be noted that Safari has significant real estate holdings located in the United States,  
27 which he is willing to commit to assist in funding of the Plan. Prior to the Effective Date of the Plan,  
28 Safari will execute a power of attorney in favor of his father, Gholam Ali Safari. This power of



1 attorney will enable Gholam Ali Safari to enter into financing arrangements for the California real  
2 estate owned by Safari. It is believed that the California real estate has substantial value. The real  
3 estate assets owned personally by Safari, located in the United States and their approximate values and  
4 the secured claims asserted against them,<sup>6</sup> are as follows:

- 5 a. 1 Charlotte, Irvine, California, Current Value of \$2, 000.000.00 with a secured claim of  
6 \$1,125,000.00. (“**One Charlotte Property**”).
- 7 b. 10 Charlotte, Irvine, California, Current Value of \$1,800,000.00 with a secured claim  
8 of \$1,000,000.00 (“**Ten Charlotte Property**”).
- 9 c. 25 Morrow Bay, Irvine, California, Current Value of \$1,400,000.00 with a secured  
10 claim of \$1,000,000.00. (“**Morrow Bay Property**”). And
- 11 d. 32354 Caribbean Drive, Dana Point, California, Current Value of \$2,000,000.00 with a  
12 secured claim of \$1,600,000.00. (“**Caribbean Drive Property**”).

13 It is believed that Safari’s California real estate holdings have a combined value of  
14 \$7,200,000.00 with liens of approximately \$4,725,000.00. The information respecting the forgoing  
15 valuation of the personal assets of Safari is based on Safari’s opinion as to the fair market value as  
16 well as Schedule A of the Schedules of Assets and Liabilities filed in the Safari Bankruptcy Case,  
17 which was filed in the United States Bankruptcy Court, Central District, Santa Ana Division on  
18 December 6, 2011 in Case No. 8:11-bk-26743-TA. Creditors and Parties in interest in this Case  
19 should bear in mind that the valuation opinion set forth above is not based on the valuation of an  
20 independent appraiser; and, therefore, the Debtor cannot attest as to its accuracy. Similarly, the  
21 Debtor has no information that would lead it to conclude that the foregoing valuation opinions of  
22 Safari are materially inaccurate.

23 It is anticipated that approximately two to five months will be needed to obtain financing.  
24 During the period of April 1, 2013 through August 1, 2013, Gholam Ali Safari will also market for  
25 sale one or more of Safari’s California real estate holdings by retaining through a licensed real estate  
26 broker.

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27 <sup>6</sup> The information was obtained from Docket No. 1, Schedule A of Mehrdad Safari’s Chapter 11 Petition, which was filed  
28 in the United States Bankruptcy Court, Central District, Santa Ana Division on December 6, 2011 with Case No. 8:11-bk-  
26743-TA.

1                   6.           Historical Financial Information

2           The Debtor's financial history is relevant to its ability to meet projections. Exhibit "4"  
3 contains a profit and loss statement, balance sheet and most recent Monthly Operating Report  
4 submitted to the UST. Exhibits "5" also discloses the book values for the Debtor's assets for  
5 information purposes only, although it has little, if any, relevance to the current fair market value.

6           The Story Building Property, like many other businesses, was experiencing the affects of the  
7 economic downturn. As a result of the reduction of its tenant base, as well as the fact that several of  
8 its current tenants were slow to pay their lease obligations, the Debtor's income was reduced by  
9 approximately 40% overall. Moreover, in order to prevent a further loss of its tenants, the Debtor has  
10 been forced to lower its rent and forego charging penalties for late payments.

11           The Story Building Property has lease space for approximately 200 tenants (excluding the  
12 penthouse which occupies the 12<sup>th</sup> and 13<sup>th</sup> floor as renovations of the penthouse are not yet complete).  
13 The first floor plaza is dedicated to retail and the 2<sup>nd</sup> through 11<sup>th</sup> floor dedicated to jewelry  
14 manufacturing and repair. Currently, there are 124 tenants. The Plaza has 49 booths occupied and 13  
15 vacancies.

16           The Debtor's goal in the Chapter 11 was to stabilize its rental income and business operations,  
17 which has been largely successful. Since the Petition Date, the Debtor divested itself of most of it  
18 underperforming tenants and is actively leasing. As the Debtor's financial information demonstrates,  
19 the Debtor's income has stabilized and the Debtor projects that it will gradually improve after the  
20 Effective Date, particularly commencing in 2014. Therefore, it is projected that the Debtor should be  
21 able to meet its obligations pursuant to the restructured debt load under its Plan.

22           Commencing with the Petition Date, the Debtor has been paying Adequate Protection  
23 Payments to Wells at the non-default interest rate specified in the Loan Documents at a per diem rate  
24 of \$1,798.44. The first Adequate Protection Payment covered interest from the Petition Date through  
25 June 11, 2010 and was paid on or about June 11, 2010. The Debtor has paid subsequent Adequate  
26 Protection Payments monthly on or about the 11<sup>th</sup> day of each month through the date of the  
27 Disclosure Statement in the approximate amount of \$1,500,000. The amount of each monthly  
28

1 Adequate Protection Payment varies depending upon the actual number of days in each month,  
2 although the approximate amount of the monthly payment has averaged approximately \$53,000.

3 Set forth below is the Debtor estimated average income and expenses as of the first effective  
4 year of the Plan in 2013.

<b><u>INCOME</u></b>	
<i>Rental</i>	<u>\$166,000</u>
<i>Miscellaneous</i>	<u>\$0</u>
<b>Total Average Monthly Income (excluding New Value Contributions)</b>	<b>\$166,000</b>
<b>Annualized Income</b>	<b>\$1,992,000</b>

<b><u>ESTIMATED MONTHLY EXPENSES</u></b>	
<i>Payroll (including payroll taxes)</i>	\$9,200
<i>Workers Compensation Insurance</i>	\$309
<i>Corporate Taxes</i>	\$433
<i>Building Maintenance and Repair</i>	\$2,575
<i>Building Alarm Services</i>	\$239
<i>Building Security Services</i>	\$20,500
<i>Building Fees / License Fees / Permit Fees</i>	\$1,288
<i>Elevator Service and Repair</i>	\$1,246
<i>Fire Sprinkler Service</i>	\$258
<i>HVAC Expenses</i>	\$319
<i>Janitorial Service Fees and Supplies</i>	\$2,575
<i>Utilities</i>	\$29,000
<i>Waste Water Treatment Testing / Supplies</i>	\$1,000
<i>Professional Consulting Fees (Governmental Agency and Code Compliance)</i>	\$2,575
<i>Property Insurance</i>	\$5,150

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<b><u>ESTIMATED MONTHLY EXPENSES</u></b>	
<i>Property Taxes</i> <sup>7</sup>	\$18,3347
<i>Class 1A Interest Payment (Wells)</i>	\$55,000
<i>Office Supplies and Expenses</i>	\$329
<i>Automobile Reimbursement Expenses</i>	\$515
<i>Advertising</i>	515
<i>Bank Service Charge</i>	\$103
<i>UST Fees</i>	\$1,751
<b>TOTAL MONTHLY</b>	<b>\$153,214 (excluding Plan payments to Classes 1B, 1C, 1D and 4 to be made from New Value Contributions)</b>
<b>TOTAL ANNUALIZED</b>	<b>\$1,838,568</b>

As can be seen from the foregoing, the reductions in expenses instituted by new management result in a balancing of the operating income and expenses, without taking the New Value Contribution into consideration. This remains true even if the Class 1A Interest Payments increase by approximately \$5,000 per month in the event the Debtor fails to prevail in its objection to Wells' Claim. The New Value Contributions are discussed separately below.

It should be noted, the foregoing is a projection of average expenses for the Story Building Property. Actual expenses in some categories may vary from month to month, and such variation could be material, such as in the categories of maintenance and repair, elevator repair and utilities.

The Plan is an effort to treat creditors fairly and at the same time accommodate the economic realities. To that end, the Debtor is actively and aggressively seeking new tenants. In order to further assist tenants, the Debtor continues to work to lower expenses in order to reduce the tenants' common area operating expenses.

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<sup>7</sup> Property taxes are estimated to accrue at approximately \$12,417 per month. Although the Debtor has included property taxes in its monthly estimated expenses, such payments are not in reality made monthly and shall be paid prior to the delinquency date under applicable law. See Debtor's "Projections" (Exhibit "5" to the Plan) for a complete schedule of income and expenses and how they will be allocated for the period from 2012 through 2015.

1 The Debtor believes that the Plan is still feasible regardless of whether or not the Debtor  
2 achieves it the projected income and expenses. In addition to the Plan payments required to be made  
3 from the New Value Contribution, the New Value Contributor is committing under the Plan (to be  
4 memorialized in the New Value Contribution Agreement) to infuse sufficient sums as may be  
5 necessary to ensure the Debtor's timely payment of the following: (i) operating expenses of the Story  
6 Building Property to the extent income falls below projected levels or expenses exceed projected  
7 levels; (ii) any shortfall each month in income necessary to make the Class 1A Interest Payment due to  
8 Well in Class 1A; and (iii) the Estimated Plumbing/AQMD Renovation Cost.

9 7. **Strategies for Increasing Tenant Occupancy**

10 Under the new management of the Story Building Property, the Debtor recognizes that  
11 increasing the tenant occupancy is one of the more important components of the Debtor's Plan.  
12 Increasing the rental revenues will assist the Debtor to increase its bottom line and ensure its continued  
13 viability in the operation and management of the Story Building Property. The strategy of the Debtor  
14 to increase tenant occupancy is multi-faceted.

15  
16 First, as noted previously, the Debtor recently undertook the process of examining its historical  
17 tenant base since the Debtor acquired the Story Building Property in 2007 and reviewing the  
18 occupancy rates from 2007 to date. Through this assessment, the Debtor contacted several former  
19 tenants who left the building within the last couple of years to ascertain the status of their lease at their  
20 current location. By contacting these former tenants and discussing with them their concerns and what  
21 led them to leave the Story Building Property, the Debtor developed a better understanding of what  
22 changes in the Debtor's management of the Story Building Property had to be made, the type of  
23 amenities desired by these former tenants, or the design of the leasing space that these former tenants  
24 would expect if they were to return to as tenants to the Story Building Property. As a result of those  
25 communications with its former tenant base, the Debtor learned that many former tenants have a  
26 strong interest in coming back to the Story Building Property when their current leases expire. The  
27  
28

1 Debtor will continue to keep in regular touch with these former tenants as a means of getting back  
2 tenants who had left the building for various reasons.

3 The new management of the Debtor has also been engaged in discussions with its current  
4 tenant base since the firmly believes the importance of creating an environment where tenant issues  
5 are immediately addressed and resolved. Because the majority of the tenants in the Story Building  
6 Property are affiliated in the jewelry industry, the Debtor has also used its contacts to market the Story  
7 Building Property to prospective tenants in this sector or related retailing sectors.

8  
9 As a result of that marketing, the Debtor has signed leases with six new tenants for an annual  
10 income to \$46,800 to the Debtor. These signed leases with six new tenants increased the gross annual  
11 income to \$46,800 to the Debtor. The new leases consist of 1 retail booth in the street level Plaza and  
12 five offices consisting of approximately 2,500 square feet of space. In addition, there are four  
13 additional proposals outstanding with potential new tenants for office space. The new management  
14 expects to enter into a total of 15 new leases, including the 6 already signed, before the end of the year.

15  
16 The new management of the Debtor has also instituted a plan to return the Plaza level to its  
17 initial configuration (by removing a number of booths and closing off the area) so that the Plaza looks  
18 visually fuller to prospective tenants and customers of the booths. The plan is for the space that is  
19 blocked off to be made available to a single tenant for retail purposes. Once leased, the expected  
20 monthly rent from the new space is in the range of \$8,000 to \$10,000/month which equates to an  
21 annual rent of \$96,000 to \$120,000 to the Debtor.

22  
23 The Debtor also believes in the importance of advertising that leasing space is available;  
24 therefore, new banners have placed within the building to let prospective tenants know that there are  
25 booths available on the first floor, and the Debtor is under new management.  
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1 The Debtor also recognizes that increasing the occupancy of the Story Building Property  
2 requires professional assistance. The Debtor has contacted national real estate companies to retain one  
3 to provide leasing services to the Story Building Property.

4 8. **TI Account**

5 The Debtor will fund a TI Account in the amount of \$90,000 to be maintained by the  
6 Reorganized Debtor. On the Effective Date, the TI Account will initially be funded with \$15,000 by  
7 the New Value Contributor. Thereafter, the Debtor will make five (5) additional contributions of  
8 \$15,000 on a quarterly basis. The TI Account will be used for payment of Tenant Improvements and  
9 Leasing Commissions. The New Value Contributor will fund the TI Account to the extent there is  
10 insufficient net operating revenue to do so. If the TI Account balance falls below, \$90,000 it shall be  
11 replenished at the rate of \$15,000 per quarter.

12 As used herein, the term, "Tenant Improvements," shall mean construction or modification of  
13 improvements on or installation of fixtures or equipment in the Story Building Property as required to  
14 be performed by the Debtor pursuant to the terms of any lease, which is hereafter approved.

15 As used herein, the term, "Leasing Commissions," shall mean reasonable and customary  
16 commissions paid to a California licensed real estate broker in a connection with any lease, which was  
17 obtained as the result of the services of a California licensed real estate broker, pursuant to a leasing  
18 commission agreement.

19 The Debtor is currently interviewing California licensed real estate real estate brokers who  
20 have the experience and expertise in the marketing and the procuring of leases in commercial  
21 buildings in the Southern California commercial real estate market.

22 The Debtor believes that \$90,000 is more than ample to handle any tenant improvement over  
23 the foreseeable future. The Plaza Level of the Story Building consists of retail booths, which are  
24 leased, and do not require Tenant Improvements. On Floors 2 – 11, the leased space also generally  
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26  
27  
28

1 does not require significant tenant improvements. The six new leases recently signed by the Debtor  
2 required no tenant improvements whatsoever.

3 9. **Reduction in Operating Expenses**

4 The new management of the Debtor has been reviewing its monthly operating budget and is  
5 seeking to ascertain where its operating costs can be reduced. The new management of the Debtor  
6 has recently initiated a program to change the lighting for the booths in the Plaza level from Halogen  
7 lighting to more energy efficient LED lighting. The estimated cost to the Debtor for this change is  
8 \$8,000, and it is expected that the electricity savings from this program will pay for itself within the  
9 first 60 days of its implementation. Over the first year, it is estimated that the savings in electricity  
10 costs from this program will be approximately \$75,000.

11 In addition, the Debtor's new management reviewed the proposed plumbing upgrade plan by  
12 previous management and was able to negotiate substantial reductions in costs and to identify  
13 substantial missed savings in costs providing for a total savings of over \$200,000 and a projected cost  
14 of \$50,000 to \$75,000. This program is in progress and it is expected that a final plumbing plan will  
15 be finished prior to the end of March 31, 2013.

16 10. **Future Feasibility**

17 With respect to future feasibility, Exhibits "5" is the Projected Income and Expenses prepared  
18 by the Debtor for the period 2012 through 2017. A primary benefit of the Plan is dependent upon the  
19 Debtor's ability to generate rental income, in sufficient amounts to make the required payments under  
20 the Plan. However, the Debtor is confident that it can make such payments. The Debtor believes that  
21 its economic health will continue to improve over time.

22 The projections are the Debtor's good faith estimate as to the income it believes can be  
23 achieved from future operations. The projections are based on the assumption that, after the Effective  
24 Date, the Debtor will continue to operate; that its rental income will gradually increase; and that in  
25 three to five years the Story Building Property will recover much of its lost value. The projections  
26 demonstrate that the Debtor can meet its financial obligations under the Plan.



1 The projections show that the Reorganized Debtor will be able to meet its obligations to  
2 Creditors under the Plan; and that the Plan is not likely to be followed by the liquidation or the need  
3 for further financial reorganization of the Debtor. As a result, the Plan satisfies the feasibility  
4 requirement set forth in Bankruptcy Code § 1129.

5 It is entirely possible that the Bankruptcy Court may overrule the Debtor's objection and find  
6 for Wells. If Wells were to prevail, its Claim will be substantially higher. In recent filings with the  
7 Bankruptcy Court, Wells has asserted its Claim to be \$14,570,992. Among other thing, this will result  
8 in an increase in per diem interest required to be paid to Wells under the Plan, which will increase the  
9 Class 1A Interest Payments to Wells. Based on this increased claim amount, the amount of the Class  
10 1A Interest Payments could increase from approximately \$55,000 per month to \$60,800 per month or  
11 more. This will in turn increase projected operating expenses by approximately \$69,000. Likewise,  
12 the Bankruptcy Court may conclude that the applicable discount rate is higher or lower. If the  
13 Bankruptcy Court concludes that a higher discount rate is appropriate, it will also increase the required  
14 Class 1A Interest Payment. The projections demonstrate that this should not materially impact  
15 feasibility of the Plan. Furthermore, the New Value Contributor has agreed to fund any shortfall.

16 Furthermore, the Plan contemplates a balloon payment due upon maturity under the Plan. The  
17 increased claim of Wells could affect the Debtor's ability to obtain the Takeout Loan necessary to pay  
18 Wells in full upon maturity by increasing the loan to value ratio of the Story Building Property.  
19 Section VI below contains a more detailed discussion as to the required balloon payment on maturity  
20 based on a several of assumptions depending on the amount of Wells' Claim.

21 The Plan contains a number of provisions designed to counteract these risks. Therefore, the  
22 Debtor does not believe that the outcome respecting the disputed penalty will impair feasibility of the  
23 Plan one way or the other, although it does perhaps impact the liquidation analysis due to the  
24 significant impact on the amount of Wells claim as well as the resulting proceeds of any hypothetical  
25 sale of the Story Building Property, which would be available for creditors and interested parties  
26 should the disputed penalty be Allowed in favor of Wells.

27 Since the operating income of the Story Building Property substantially exceeds the Class 1A  
28 Interest Payment, the Debtor believes that in can continue to make the Class 1A Interest Payment

1 regardless of whether the Class 1A Interest Payment increase. However, the New Value Contribution  
2 may need to be increased to meet this additional expense burden, which the New Value Contributor  
3 has committed to do. In addition, the Debtor has recently been successful in increase operating  
4 income by entering into new leases and has decreased expenses operating expenses.

5 Despite the difficulties, the Story Building Property remains an attractive investment due to its  
6 location and the quality of its tenants. The Story Building Property is located in the heart of  
7 downtown Los Angeles. The Story Building Property is an *historic* landmark building that was built  
8 over 100 years ago. The Story Building Property is one of the very few buildings on Broadway with  
9 its own parking structure. The Story Building Property is also one of the few buildings in Los Angeles  
10 that is qualified for F1, which permits manufacturing. The building contains a treatment room and  
11 filtration which is necessary for jewelry manufacturing and environmental protection. The cost to  
12 qualify the building is well over \$3 million. In addition, there is also a widely publicized multi-billion  
13 city and redevelopment commitment to the City's "Bring Broadway Back to Life" campaign. The  
14 Story Building Property is located in the heart of the planned redevelopment and is a planned stop for  
15 the proposed cable-car project.

16 Under the Plan, the monthly payments required to be paid for the Allowed Secured Claim of  
17 Classes 1A shall be paid from the operation and collections of rents derived from the Story Building  
18 Property pursuant to the projections attached hereto. The annual gross income derived from the Story  
19 Building Property is \$1,992,000. Annual Class 1A Interest Payments to Well's under the Plan  
20 following the Effective Date is approximately \$660,000.

21 It should be noted that the Debtor has made efforts to project these expenses as accurately as  
22 reasonable possible.

23 Payments of taxes and insurance may be made from the New Value Contributions if there is  
24 insufficient Net Rental Income to pay it. Additionally, payments to creditors, other than Class 1A, are  
25 to be funded from the New Value Contributions until such time as the Allowed Class 1A Claim is paid  
26 in full. As stated, the New Value Contributor is committing under the Plan (to be memorialized in the  
27 New Value Contribution Agreement) to infuse sufficient sums as may be necessary to ensure the  
28 Debtor's timely payment of the following: (i) operating expenses of the Story Building Property to the

1 extent income falls below projected levels or expenses exceed projected levels; (ii) any shortfall each  
2 month in income necessary to make the Class 1A Interest Payment due to Well in Class 1A; and (iii)  
3 the Estimated Plumbing/AQMD Renovation Cost. Therefore, the ability to fund the New Value  
4 Contribution affects feasibility of the Plan.

5 As discussed earlier, Safari filed the Safari Bankruptcy Case in order to protect several  
6 valuable real estate holdings owned by Safari located in the United States. The US assets owned by  
7 Safari had lapsed into foreclosure as a result of Safari's apparent inability to timely transfer large sums  
8 of money from Iran to the US as a result of enforcement of trade sanctions by the OFAC, which  
9 required Safari to obtain a license for such transfers. Unfortunately, there was no assurance that the  
10 licensing approvals would be obtained in time to prevent potential loss of the US assets owned by  
11 Safari.

12 A review of the schedules of assets and liabilities filed in the individual case reveals that the  
13 primary debts in the Safari Bankruptcy Case are secured; and there is no material unsecured debt other  
14 than a claim asserted by a former spouse. Further, a trustee was appointed in the Safari Bankruptcy  
15 Case after Safari was apparently unable to attend his 341a hearing and comply with some of the UST  
16 reporting requirements. The Debtor is informed that Safari's inability to comply was due in large part  
17 to the fact that Safari is still in Iran and had been denied permission to leave that country during the  
18 applicable period. The Schedules filed by Safari allege that the US assets owned by Safari have  
19 significant equity of approximately \$2 million. Evidence of the equity available will be offered at the  
20 Confirmation Hearing.

21 Additionally, steps are being taken to ensure feasibility of the Plan in this Case, and the Debtor  
22 will put forward evidence of such steps at the Confirmation Hearing, which include, among other  
23 safeguards:

- 24 • Safari has obtained an order dismissing the Safari Bankruptcy Case, which is now a Final  
25 Order.
- 26 • To that end, cash required for payment of claims necessary to effectuate dismissal of the  
27 Safari Bankruptcy Case has been contributed on behalf of Safari by Gholam-Ali Safari.
- 28 • Safari's father, Gholam-Ali Safari, will become the New Value Contributor.

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- Gholam-Ali Safari will become the new manager of the Debtor.
- On the Effective Date, Gholam-Ali Safari will execute and deliver the New Value Contribution Agreement to the Reorganized Debtor.
- Special counsel has been retained by Gholam-Ali Safari to pursue the necessary OFAC approvals required for future New Value Contributions necessary to fund the Plan, at no cost to this Estate.
- Prior to the hearing on Confirmation, the New Value Deposit of at least \$650,000 will be deposited into the trust account of CMKF to be used for, among other things, funding Effective Date payments and the balance to be made available for payments required to be made after the Effective Date.
- On or after the Effective Date, the New Value Deposit will be used to cover the tax installments due on the Story Building Property on December 10, 2012 and April 10, 2103 as well as the real estate insurance premiums due after the Effective Date.
- The New Value Deposit will be increased, if necessary, as required by the Bankruptcy Court in connection with Confirmation.

A portion of the New Value Contribution will be funded by the Effective Date (\$650,000) and there will be periodic contributions required from the Effective Date over the next several years through 2017.

The New Value Contribution will be used to cover the following amounts on the Effective Date through January 2012:

Amount required on or near the Effective Date:

<b>Administrative Claims</b>	<b>\$200,000 (estimated)</b>
<b>Priority Claims</b>	<b>\$8,700</b>
<b>Liftech Effective Date Payment</b>	<b>\$100,000</b>
<b>Property Tax Installment December 31, 2012</b>	<b>\$110,000</b>
<b>Annual Insurance payment due January 10, 2013</b>	<b>\$80,000</b>
<b><u>Effective Date/December-January Total</u></b>	<b><u>\$498,700</u></b>

The New Value Deposit will be made in the total amount of at least \$650,000 by the Confirmation Hearing. Approximately \$350,000 of the New Value Deposit is currently on deposit in the trust account of CMKF. An additional \$300,000 of the New Value Deposit will be deposited into the trust account of CMKF on or before the Confirmation Hearing.

1 After deducting the Effective Date Payments from the New Value Deposit, it is projected that a  
2 reserve of approximately \$150,000 will be available to fund future Plan payments.

3 Additional Payments to be funded by the New Value Contribution after the Effective Date are  
4 projected approximately as follows:

5 **Wells Payment required within 120 days after the Effective Date \$100,000**

6 **Future New Value Requirements under the Plan through December 30, 2015:**

7	Liftech Payment required upon completion of the Elevators	\$100,000
8	Liftech Payment required to be made on permitting	\$47,708
9	Blackhawk Class 1B Plan payments, Effective Date through 2015	\$84,981 <sup>8</sup>
10	USV Class 1C Plan payments, Effective Date through 2015	\$75,634 <sup>9</sup>
11	Unsecured Creditors (excluding Falcon) Class 4 through 2015	\$497,954 <sup>10</sup>
12	Taxes/Insurance over the life of the Plan (through 2015)	\$600,000
13	Estimated Plumbing/AQMD Renovation Cost	\$400,000
14	TI Account	\$200,000
15	Unanticipated Expense/Interest Contingency	\$300,000
16	Wells Principal Reduction Payment (December 2014)	\$578,000

17 **Total New Value Contributions (including Effective Date Payments) \$3,382,977**

18 New Value Deposit as of Effective Date (\$650,000)

19 **Balance of New Value Contribution required by December 31, 2015 \$2,884,277<sup>11</sup>**

20 In addition, in order to avail itself of the Wells Extended Maturity Dates, additional New Value  
21 Contributions of \$578,065 each (less payments, if any, from Net Rental Income made during that  
22 period, excluding such Net Rental Income derived after the Effective Date and designated by the  
23 Reorganized Debtor to be used for the Wells Advance Reimbursement Amount) will have to be  
24 funded on or before (i) December 31, 2014 in the amount of \$578,065; and (ii) on or before December  
25 31, 2015 to pay the First Extended Wells Maturity Date, and on or before December 31, 2016 to pay  
26 the Second Extended Wells Maturity Date, aggregating \$1,156,130. In addition, the First and Second  
27 Extension Fees are estimated to be approximately \$112,000, although the Debtor has used \$140,000 in  
28 its assumptions above. The aggregate estimated New Value Contribution inclusive of the First and  
Second Extension Fee from the Effective Date through December 31, 2017 is \$4,679,107 (less

<sup>8</sup> Amount including interest

<sup>9</sup> Amount including interest

<sup>10</sup> Amount including interest

1 payments, if any, from Net Rental Income made during that period). Upon maturity, Gholam Ali  
2 Safari will assist in obtaining the takeout funds necessary to pay the Allowed Claim of Wells. Gholam  
3 Ali Safari has also agreed to provide the Takeout Loan Guaranty to the extent necessary for the Debtor  
4 to obtain the Takeout Loan.

5 To evidence feasibility of the New Value Contribution, Gholam Ali Safari shall execute and  
6 deliver the New Value Contribution Agreement committing Gholam Ali Safari to fund the New Value  
7 Contribution in such amounts as necessary to fund the Plan.(not including in the maximum  
8 commitment any additional amount that may be necessary in order to obtain the Takeout Loan  
9 necessary to pay in full the Allowed Claim of Wells upon maturity). Additionally, Gholam Ali Safari  
10 is committing under the Plan (to be memorialized in the New Value Contribution Agreement) to  
11 infuse sufficient sums as may be necessary to ensure the Debtor's timely payment of the following: (i)  
12 operating expenses of the Story Building Property to the extent income falls below projected levels or  
13 expenses exceed projected levels; (ii) any shortfall each month in income necessary to make the Class  
14 1A Interest Payment due to Well in Class 1A; and (iii) the Estimated Plumbing/AQMD Renovation  
15 Cost.

16 Evidencing of Gholam Ali Safari's ability to funds the New Value Contribution required under  
17 the Plan is that (in addition to transferring the sum of approximately \$350,000 of the New Value  
18 Deposit to the trust account of CMKF, as discussed above), Gholam Ali Safari will be depositing an  
19 additional \$300,000 prior to the Confirmation Hearing. Furthermore, Gholam Ali Safari has also  
20 caused the mortgages on One Charlotte Property (as defined below) and Ten Charlotte Property (as  
21 defined below) owned by Safari to be cured and reinstated.

22 A general description of Gholam Ali Safari's financial ability is set forth in the Disclosure  
23 Statement. Additional, evidence of Gholam Ali Safari's financial ability to perform the New Value  
24 Contribution under the Plan will be presented to the Bankruptcy Court as part of Confirmation, along  
25 with a request that such information regarding his real estate holdings and other related financial  
26  
27

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28 <sup>11</sup> Excluding the First and Second Extension Fee, if required.

1 information be placed under seal by the Bankruptcy Court so as to not have it made part of the public  
2 record.

3 **IN ADDITION, CREDITORS ASSERTING CLAIM AGAINST THE ESTATE MAY**  
4 **OBTAIN A COPY OF HIS FINANCIAL INFORMATION BY DELIVERING AN EXECUTED**  
5 **CONFIDENTIALITY AGREEMENT IN FORM OF ATTACHED *EXHIBIT "7"***

6  
7 11. **Amount of Wells' Secured Claim/Takeout Financing/Risks**

8 Another material contingency of the Plan is the Debtor's ability to obtain a Takeout Loan to  
9 pay the balance of Wells' Secured Claim on maturity under the Plan. The Debtor's ability to do so  
10 depends on a number of factors, which include the valuation of the collateral at the time of maturity;  
11 the final Allowed amount of Wells' Secured Claim; the ability of Gholam Ali Safari to make the Wells  
12 Principal Reductions Payments and Final Principal Reduction Payment, if necessary; Gholam Ali  
13 Safari's financial ability to fund the New Value Contributions; the valuation of the Story Building  
14 Property and personal property; the loan to value ratio of the Story Building Property at the time of  
15 refinance; ability to obtain a Takeout Loan; and other factors. Set forth below is a discussion prepared  
16 by the Debtor respecting these various factors and risks.

17 Based on its proof of claim [POC No. 2] on file with the Bankruptcy Court, Well asserts a  
18 Secured Claim in the approximate amount of \$13,716,733 as of June 17, 2010, calculated as follows:

Amount Due – Claim as of 5/17/2010		
Principal	\$	11,561,396.54
Interest	\$	437,020.79
Default Interest	\$	298,699.41
Prepayment Premium	\$	1,556,512.36
Late Charges	\$	16,245.93
Property Protection Advances	\$	5,900.00
Legal Fees	\$	23,098.95
Property Inspection Fee	\$	425.00

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1	Servicer Administration Fees	\$	300.00
2	Credit for Escrow Funds on Deposit	\$	(182,836.08)
3	<b>Total:</b>	<b>\$</b>	<b>13,716,732.91</b>

4  
5 In various papers recently filed in the Case, Wells asserts that its Secured Claim is  
6 \$14,570,992. As discussed above, the Debtor disputes certain charges, and has filed an objection to  
7 Wells' Secured Claim. As stated earlier in the Disclosure Statement, the Debtor has been making  
8 interest payments at the non-default contract rate since the inception of the Case.

9 One of the more significant charges that the Debtor disputes is the inclusion by Wells of the  
10 so-called pre-payment premium as part of Wells' Secured Claim based on several grounds, discussed  
11 in more detail elsewhere in the Disclosure Statement. The Debtor asserts that Wells' Claim should be  
12 no more than the amount set forth in Exhibit 6 to the Disclosure Statement, approximately  
13 \$12,618,258, which the Debtor argues includes reasonable fees and charges.

14 The objection to Wells' Secured Claim has not yet been resolved. Accordingly, set forth  
15 below is a comparison of the estimated loan to value ratio projected at maturity at the conclusion of  
16 the Extended Wells Maturity Date, based on a number of hypothetical assumptions respecting the  
17 amount of Wells Secured Claim. For purposes of analysis, the Debtor assumes no appreciation in the  
18 value of the collateral. However, the Debtor reserves the right to present evidence at the Confirmation  
19 Hearing demonstrating that the value of Wells' collateral will appreciate based on a number of factors,  
20 including, improvements currently being made to the Story Building Property, increased tenant  
21 occupancy, and general and local market conditions.

22 For purposes of analysis, the Debtor is utilizing its opinion as to the value of Wells' collateral,  
23 both real and personal. As noted elsewhere in the Disclosure Statement, the Debtor's opinion as to the  
24 value of the Wells' collateral is an aggregate of \$18,000,000, consisting of \$16,000,000 for the Story  
25 Building Property and \$2,000,000 for the personal property. The Debtor is not aware of any challenge  
26 to its valuation at the current time. However, Creditors and parties in interest should note that the  
27 Bankruptcy Court has not yet made a definitive finding as to the valuation of the Story Building  
28

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1 Property and personal property, and the valuation assumptions are based exclusively upon Debtor  
 2 opinion as to the value. Therefore, the Bankruptcy Court’s conclusion about the actual valuation of  
 3 the Story Building Property and personal property may be different than projected, and difference may  
 4 be material. Accordingly, the projected loan to value ratio may be significantly different than  
 5 described below. In such event, the New Value Contributor may be required to make a further  
 6 principal reduction in order to obtain takeout financing at the time of maturity.

7 **ESTIMATED LOAN TO VALUE ANALYSIS AS OF THE EFFECTIVE DATE**

8 9 10 11 12 13	<b>HYPOTHETICAL CLAIM AMOUNT</b>	<b>Wells’ Allegation as to its Claim –  \$14,570,992</b>	<b>Well’s POC –  \$13,716,732</b>	<b>Debtor’s Assertion as to Wells’ Allowed Claim –  \$12,618,258</b>
14 15	<b>LOAN TO VALUE RATIO</b>	<b>81%</b>	<b>76%</b>	<b>70%</b>

16  
17 **ESTIMATED LOAN TO VALUE ANALYSIS AS OF THE SECOND EXTENDED WELLS**

18 **MATURITY DATE**

19 20 21 22 23 24	<b>HYPOTHETICAL CLAIM AMOUNT</b>	<b>Wells’ Allegation as to its Claim –  \$14,570,992</b>	<b>Well’s POC –  \$13,716,732</b>	<b>Debtor’s Assertion as to Wells’ Allowed Claim –  \$12,618,258</b>
25 26 27 28	<b>WELLS PRINCIPAL REDUCTION</b>	<b>(\$1,734,000)</b>	<b>(\$1,734,000)</b>	<b>(\$1,734,000)</b>

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<b>PAYMENTS</b>			
<b>BALANCE DUE ON SECURED CLAIM AS OF SECOND EXTENDED WELLS MATURITY DATE</b>	\$12,836,992	\$11,986,733	\$10,426,220
<b>LOAN TO VALUE RATIO</b>	<b>71%</b>	<b>67%</b>	<b>58%</b>

**ESTIMATED LOAN TO VALUE ANALYSIS AS OF THE SECOND EXTENDED WELLS MATURITY DATE BASED ON DEBTOR'S OPINION OF VALUE FOR ONLY THE STORY BUILDING PROPERTY, EXCLUDING VALUE OF THE PERSONAL PROPERTY**

<b>HYPOTHETICAL CLAIM AMOUNT</b>	<b>Wells' Allegation as to its Claim –</b>	<b>Well's POC –</b>	<b>Debtor's Assertion as to Wells' Allowed Claim –</b>
	<b>\$14,570,992</b>	<b>\$13,716,732</b>	<b>\$12,618,258</b>
<b>WELLS PRINCIPAL REDUCTION PAYMENTS</b>	(\$1,734,000)	(\$1,734,000)	(\$1,734,000)
<b>BALANCE DUE ON SECURED CLAIM AS OF</b>	\$12,836,992	\$11,986,733	\$10,426,220

<i><b>SECOND</b></i>			
<i><b>EXTENDED</b></i>			
<i><b>WELLS</b></i>			
<i><b>MATURITY DATE</b></i>			
<i><b>LOAN TO VALUE</b></i>	<b>80%</b>	<b>74%</b>	<b>65%</b>
<i><b>RATIO</b></i>			

The Debtor believes that financing will be available to satisfy the balance of Wells' Secured Claim on the Second Extended Wells Maturity Date, based on a number of factors, including Gholam Ali Safari's commitment to assist in obtaining that financing.

The Debtor does not believe that a Final Principal Reduction Payment will be necessary in order to obtain financing because the projected loan to value ratio is estimated by the Debtor to be 58% on the Second Extended Wells Maturity Date. This estimate is on the following assumption made by the Debtor: (i) Debtor's estimate as to the amount of Wells' Secured Claim; and (ii) Debtor's opinion as to the current fair market value of the Story Building Property and personal property, assuming no appreciation in the value of the Story Building Property. However, for purposes of adequate disclosure, the Debtor has presented an alternative analysis whereby a Final Principal Reduction Payment will be required to bring the Story Building Property to a 65% loan to value ratio. The Final Principal Reduction Payment could be \$2,436,992 as of the Second Extended Wells Maturity Date, based on the following assumptions: (i) Wells Secured Claim is Allowed by the Bankruptcy Court in the full amount asserted by Wells, \$14,570,992; (ii) the value to the personal property is not taken into consideration by the Takeout Lender or completely depreciates in value; (iii) there is no appreciation in the value of the Story Building Property; and, (iv) the Debtor is able to obtain financing at lending ratio higher than 65% loan to value.

**Creditors and parties in interest should note that there is a risk that the Debtor will be unable to obtain the Takeout Loan upon the maturity date of the Well's Claim. There is also a risk that Gholam Ali Safari will fail to make the Wells Principal Reduction Payments and/or the Final Principal Reduction Payment, which may result in an inability to obtain the Takeout Loan.**

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1 However, the Plan makes reasonable efforts to minimize the risks discussed above. For  
2 example, Gholam Ali Safari has agreed to execute the New Value Contribution Agreement. Gholam  
3 Ali Safari intends to introduce into evidence at the Confirmation Hearing and make available to  
4 creditors, personal financial information demonstrating sufficient net worth to make the foregoing  
5 payments as well satisfy the Wells' Secured Claim in full. Gholam Ali Safari has agreed under the  
6 Plan to execute the Takeout Loan Guaranty if necessary to obtain the Takeout Loan.

7 In addition, the Debtor has consulted with Sherwin Aryeh of Johnson Capital-Lion Group, a  
8 potential takeout lender for the Story Building Property. Mr. Aryeh is a licensed real estate broker and  
9 a member of the State Bar of California. The Debtor intends to present at the Confirmation Hearing  
10 the expert testimony of Mr. Aryeh respecting the availability of a Takeout Loan for the Story Building  
11 Property between 65% and 75% loan to value.

12 In the event of breach of the New Value Contribution Agreement, the Debtor intends to market  
13 and sell the Story Building Property.

## 14 VII.

### 15 TAX CONSEQUENCES OF THE PLAN

16 The following discussion summarizes certain federal income tax consequences of the  
17 implementation of the Plan to the Debtor and certain Holders of Claims. The following summary does  
18 not address the federal income tax consequences to Holders of Claims that are entitled to reinstatement  
19 or payment in full in cash under the Plan, such as Holders of Allowed Administrative Claims.

20 The following summary is based on the Internal Revenue Code of 1986, as amended (the "Tax  
21 Code"), Treasury Regulations promulgated thereunder, judicial decisions, and published  
22 administrative rules and pronouncements of the Internal Revenue Service ("IRS") as in effect on the  
23 date hereof. Changes in such rules or new interpretations thereof may have retroactive effect and  
24 could significantly affect the federal income tax consequences described below.

25 The federal income tax consequences of the Plan are complex and are subject to significant  
26 uncertainties. The Debtor has not requested a ruling from the IRS or an opinion of counsel with  
27 respect to any of the tax aspects of the Plan. Thus, no assurance can be given as to the interpretation  
28 that the IRS will adopt concerning any issue discussed herein. In addition, this summary does not

1 address foreign, state or local tax consequences of the Plan, nor does it purport to address the federal  
2 income tax consequences of the Plan to special classes of taxpayers (such as foreign taxpayers, broker-  
3 dealers, banks, mutual funds, insurance companies, financial institutions, small business investment  
4 companies, regulated investment companies, tax-exempt organizations, and investors in pass-through  
5 Entities).

6 This discussion assumes that the various debt and other arrangements to which the Debtor is a  
7 party will be respected for federal income tax purposes in accordance with their form. There is no  
8 assurance, however, that the IRS will not take contrary positions to those described herein or upon  
9 which this summary is based.

10 **DISCLAIMER: The discussion set forth below is included for general information**  
11 **only and is not a substitute for careful tax planning and advice based upon the**  
12 **individual circumstances pertaining to a Holder of a Claim or Interest. The Debtor**  
13 **and its counsel, tax advisors, and financial advisors are not making any**  
14 **representations regarding the particular tax consequences of confirmation and**  
15 **consummation of the Plan with respect to the Debtor, the Estate, entities holding**  
16 **Claims or Interests, the Reorganized Debtor, nor are they rendering any form of**  
17 **legal opinion or tax advice on such tax consequences. The tax laws applicable to**  
18 **debtor's in bankruptcy are extremely complex, and the following summary does not**  
19 **address all aspects of federal income taxation that may be relevant to the Debtor,**  
20 **the Estate, or entities holding Claims or Interests. Entities holding Claims or**  
21 **Interests are strongly urged to consult their tax advisors regarding the tax**  
22 **consequences of the Plan, including federal, foreign, state, and local tax**  
23 **consequences.**

19 **To ensure compliance with requirements imposed by the IRS, you are hereby**  
20 **inform that any tax information contained in the Disclosure Statement (including**  
21 **any attachments) (including to the extent that notwithstanding the preceding**  
22 **general disclaimer, any statement contained in the Disclosure Statement is deemed**  
23 **or construed to constitute tax advice) is not intended or written to be used, and**  
24 **cannot be used, for the purpose of (i) avoiding any penalties under the Tax Code or**  
25 **(ii) promoting, marketing or recommending to another party any transaction(s),**  
26 **action(s) or tax-related matter(s) addressed herein.**

### 24 **A. TAX CONSEQUENCES TO THE DEBTOR.**

#### 25 1. Cancellation of Debt.

26 Generally, cancellation of indebtedness is treated as income (“**COD income**”) that is  
27 includable in a taxpayer’s gross income. However, Section 108(a) of the Tax Code provides that gross  
28

1 income does not include any COD income if the cancellation of indebtedness occurs in a bankruptcy  
2 case and the cancellation is granted by a court with proper jurisdiction under the Bankruptcy Code or  
3 pursuant to a plan approved by such a court. The debtor in a bankruptcy case must reduce certain of  
4 its tax attributes—such as its current-year “net operating loss” (“**NOL**”), NOL carry forwards resulting  
5 from losses in prior years, tax credits and the tax basis in its assets (collectively, “**Tax Attributes**”) —  
6 by the amount of any COD income that is excluded from gross income under Section 108(a) of the  
7 Tax Code. The reduction of these tax attributes is made after the federal income tax liability for the  
8 year of the debt cancellation has been determined.

9 COD income realized by a debtor equals the amount by which the indebtedness discharged  
10 exceeds any consideration given in exchange therefore, subject to certain statutory or judicial  
11 exceptions that can apply to limit the amount of COD realized (such as where the payment of the  
12 cancelled debt would have given rise to a tax deduction). To the extent that the amount of COD  
13 income excluded from gross income pursuant to Section 108(a) of the Tax Code exceeds the tax  
14 attributes available for reduction, the excess COD income is simply excluded from gross income  
15 without any further tax consequences.

16 As a result of the Plan’s treatment of the various claims of its creditors and the limited assets,  
17 the Reorganized Debtor is not expected to realize a significant amount of COD income. The extent of  
18 such COD income and the resulting Tax Attribute reduction will depend, in part, on the fair market  
19 value of the consideration paid by the Debtor in satisfaction of the creditors’ Claims and Interests.

20 2. Gain on Sales.

21 The Debtor does not anticipate the sale of its property under the Plan. Therefore, the Debtor  
22 has not fully analyzed the tax consequences of a sale; therefore, the tax consequence to the Estate is  
23 unknown at this time, and has also not been factored into the Liquidation Analysis.

24 3. Carryover Losses and Other Tax Attributes.

25 Following the Effective Date, the Debtor expects to have carryover losses. The amount of  
26 such carryover losses remains subject to adjustment by the IRS. As explained above, however, the  
27 Debtor’s carryover losses and other tax attributes is subject to being reduced or eliminated as of the  
28 beginning of the taxable year following the year in which the Effective Date occurs as a result of the

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1 COD income on implementation of the Plan. Accordingly, there can be no assurance that the  
2 Reorganized Debtor will have carryover losses following the year in which the Plan is implemented.  
3 However, in this Case, the Debtor anticipates that there will be on COD and, therefore, it anticipates  
4 that its carryover losses will be available.

5 4. Limitation on Carry forwards.

6 The utilization of part of the Debtor's carry forwards may be subject to limitation under  
7 Section 382 of the Tax Code and Treasury Regulations promulgated thereunder, which limitation, if  
8 applicable, would effectively prevent the Debtor from offsetting such carry forwards against taxable  
9 income in future years. Section 383 of the Tax Code imposes similar limitations on capital loss carry  
10 forwards and tax credits.

11 a. Alternative Minimum Tax.

12 In general, an alternative minimum tax ("AMT") is imposed on an alternative minimum  
13 taxable income to the extent that such tax exceeds the individual's regular federal income tax. For  
14 purposes of computing taxable income for AMT purposes, certain tax deductions and other beneficial  
15 allowances are modified or eliminated, including certain loss carry forwards.

16 **VIII.**

17 **OTHER PLAN PROVISIONS**

18 **A. REVOCATION OF PLAN/NO ADMISSIONS.**

19  
20 The Debtor reserves the right to revoke or withdraw the Plan prior to the Confirmation Date.  
21 Notwithstanding anything to the contrary in the Plan, if the Plan is not confirmed or the Effective Date  
22 does not occur, the Plan will be null and void, and nothing contained in the Plan or the Disclosure  
23 Statement will: (a) be deemed to be an admission by the Debtor with respect to any matter set forth in  
24 the Plan, including liability on any Claim or the propriety of any Claim's classification; (b) constitute  
25 a waiver, acknowledgment, or release of any claims of the Debtor; or (c) prejudice in any manner the  
26 rights of any party in any further proceedings.  
27  
28

1 **B. EXEMPTION FROM CERTAIN TRANSFER TAXES.**

2 In accordance with Bankruptcy Code § 1146(c), the issuance, transfer or exchange of a  
3 security, or the making or delivery of an instrument of transfer under the Plan may not be taxed under  
4 any law imposing a stamp tax or similar tax. The Confirmation Order shall direct all governmental  
5 officials and agents to forego the assessment and collection of any such tax or governmental  
6 assessment and to accept for filing and recordation any of the foregoing instruments or other  
7 documents without payment of such tax or other governmental assessment.

8 **C. APPLICABILITY OF LBR 3020-1(B).**

9 In accordance with LBR 3020-1(b), within 120 days of the entry of the Confirmation Order,  
10 the Reorganized Debtor shall file a status report explaining what progress has been made toward  
11 consummation of the confirmed Plan. The Debtor shall serve such report on the UST, the 20 largest  
12 unsecured creditors, and those parties who have requested special notice.

13 **D. SUCCESSORS AND ASSIGNS.**

14 The rights, benefits, and obligations of any entity named or referred to in the Plan shall be  
15 binding on, and shall inure to the benefit of, any heir, executor, administrator, successor, or assign of  
16 such entity.

17 **E. SATURDAY, SUNDAY OR LEGAL HOLIDAY.**

18 If any payment or act under the Plan is required to be made or performed on a day that is not a  
19 Business Day, then the payment or the act may be completed on the next day that is a Business Day, in  
20 which event the payment or act will be deemed to have been completed on the required day.

21 **F. HEADINGS.**

22 The headings used in the Plan are inserted for convenience only and do not constitute a portion  
23 of the Plan or in any manner affect the provisions of the Plan or their meaning.

24 **G. SEVERABILITY/INTERPRETATION OF PLAN PROVISIONS.**

25 If, before confirmation, the Bankruptcy Court holds that any Plan term or provision is invalid,  
26 void, or unenforceable, the Bankruptcy Court may alter or interpret that term or provision so that it is  
27 valid and enforceable to the maximum extent possible consistent with the original purpose of that term  
28 or provision. That term or provision will then be applicable as altered or interpreted. Notwithstanding



1 any such holding, alteration, or interpretation, the Plan's remaining terms and provisions will remain  
2 in full force and effect and will in no way be affected, impaired, or invalidated. The Confirmation  
3 Order will constitute a judicial determination providing that each Plan term and provision, as it may  
4 have been altered or interpreted in accordance with this Section, is valid and enforceable under its  
5 terms.

6 **H. GOVERNING LAW.**

7 Unless a rule of law or procedure is supplied by (a) federal law (including the Bankruptcy  
8 Code and FRBPs), or (b) an express choice of law provision in any agreement, contract, instrument, or  
9 document provided for, or executed in connection with, the Plan, the rights and obligations arising  
10 under the Plan and any agreements, contracts, documents, and instruments executed in connection  
11 with the Plan shall be governed by, and construed and enforced in accordance with, the laws of the  
12 State of California without giving effect to the principles of conflict of laws thereof.

13 **I. NO DISTRIBUTION WITH RESPECT TO DISPUTED CLAIMS.**

14 No payments of Cash or Distributions of other property or other consideration of any kind shall  
15 be made on account of any Disputed Claim unless and until such Claim becomes an Allowed Claim or  
16 is deemed to be such for purposes of Distribution, and then only to the extent that the Claim becomes,  
17 or is deemed to be for Distribution purposes, an Allowed Claim. Unless otherwise provided herein,  
18 any Holder of a Claim that becomes an Allowed Claim after the Effective Date will receive its  
19 Distribution within 30 days from the date that such Claim becomes an Allowed Claim.

20 **J. SETOFF, RECOUPMENT AND OTHER RIGHTS.**

21 Notwithstanding anything to the contrary contained in the Plan, the Reorganized Debtor may,  
22 but shall not be required to, setoff, recoup, assert counterclaims or withhold against the Distributions  
23 to be made pursuant to the Plan on account of any claims that the Debtor, the Estate, or the  
24 Reorganized Debtor may have against the entity holding an Allowed Claim; provided, however, that  
25 neither the failure to effect such a setoff or recoupment, nor the allowance of any Claim against the  
26 Debtor or the Reorganized Debtor, nor any partial or full payment during the Case or after the  
27 Effective Date in respect of any Allowed Claim, shall constitute a waiver or release by the Debtor, the  
28 Estate or the Reorganized Debtor of any claim that they may possess against such Holder.

1 **K. ROUNDING.**

2 Whenever any payment of a fraction of a cent would otherwise be called for, the actual  
3 payment shall reflect a rounding of such fraction to the nearest whole cent, with one-half cent being  
4 rounded up to the nearest whole cent.

5 **L. CLAIMS ESTIMATION**

6 Under the Plan, the Debtor has the right to file motions seeking to estimate Claims, including,  
7 without limitation, Secured Claims in accordance with Bankruptcy Code § 502(c)(1). Through such  
8 motions, the Debtor can seek a ruling from the Bankruptcy Court estimating any Claim in a fixed  
9 amount for the purpose of voting, allowance and distributions under the Plan. Once Claims have been  
10 estimated and allowed for purposes of distribution at a fixed amount, Claims will be treated and  
11 distribution reserved based on such fixed amount, subject to any further order upon motion under  
12 Bankruptcy Code § 502(j) to reconsider the fixed amount allowed. Until Claims are finally Allowed:  
13 (a) such Claims shall not receive any distribution; and (b) such Claims shall be reserved in the amount  
14 estimated.

15 **IX.**

16 **EFFECT OF CONFIRMATION OF PLAN**

17 **A. DISCHARGE**

18 Except as otherwise provided in the Plan or in the Confirmation Order, Confirmation of the  
19 Plan shall operate as a discharge pursuant to Bankruptcy Code § 1141 (d) (1), effective as of the  
20 Effective Date, of any and all debts or Claims against the Debtor that arose at any time before issuance  
21 of the Confirmation Order, including but not limited to, all principal and interest, whether accrued  
22 before, on or after the Petition Date. As to every discharged debt and Claim, the Creditor that held  
23 such debt or Claim shall be precluded from asserting against the Debtor or against the Debtor's assets  
24 or the Reorganized Debtor or any assets of the Reorganized Debtor, any or further Claim based upon  
25 any document, instrument or act, omission, transaction or any other activity of any kind or nature that  
26 occurred prior to the Confirmation Date. Upon Confirmation of the Plan, the Debtor shall be  
27 discharged of liability for payment of debts incurred before Confirmation of the Plan, to the full extent  
28 specified in Bankruptcy Code §1141. However, any liability imposed by the Plan will not be

1 discharged. Furthermore, all Claims and debts against the Debtor which are so discharged may not be  
2 asserted against the Reorganized Debtor under any circumstances unless pursuant to the provisions of  
3 the Plan.

4 **B. INJUNCTION**

5 The Confirmation Order shall operate as a temporary injunction against the commencement or  
6 continuation of any act relating to the collection or enforcement of any Claim or rights governed by  
7 the discharge provisions hereof (“**Discharged Claim**”) against the Debtor and the Reorganized Debtor  
8 unless and until a default by the Reorganized Debtor has occurred with respect to the treatment of the  
9 Claims of the Creditor under the Plan (“**Plan Default**”). The Confirmation Order shall provide,  
10 among other things, that except as otherwise provided in the Plan, all Persons who have held, hold or  
11 may hold Claims against or Interests in the Debtor are enjoined from and after the Effective Date in  
12 respect of the treatment of the Claims of Creditors under the Plan, from: (i) commencing or continuing  
13 in any manner any action or proceeding of any kind with respect to such Discharged Claim against the  
14 Debtor and/or the Reorganized Debtor; (ii) enforcing, attaching, collecting or recovering by any  
15 manner or means any judgment, award, decree or order against the Debtor and/or the Reorganized  
16 Debtor or the property of any such parties with respect to any such Discharged Claim; and (iii)  
17 creating, perfecting or enforcing any encumbrances of any kind against the Debtor and/or the  
18 Reorganized Debtor or against the property of any such parties, with respect to any such Claim or  
19 Interest.

20 **C. VESTING OF PROPERTY IN REORGANIZED DEBTOR**

21 The Confirmation of the Plan vests all of the property of the estate in the Reorganized Debtor  
22 free and clear of all claims, liens, interests and encumbrances, except as expressly provided in the  
23 Plan.

24 **D. MODIFICATION OF PLAN**

25 The Debtor may modify the Plan at any time before Confirmation. However, the Bankruptcy  
26 Court may require a new disclosure statement and/or revoting on the Plan.

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1 The Reorganized Debtor may also seek to modify the Plan at any time after Confirmation so  
2 long as (1) the Plan has not been substantially consummated and (2) the Bankruptcy Court authorizes  
3 the proposed modifications after notice and a hearing.

4 Neither the Bankruptcy Court nor any other individual or entity may modify or amend the Plan  
5 without the prior written consent of the Reorganized Debtor.

6 **E. OTHER ASSURANCES**

7 The Creditors and Holders of Interests shall execute and deliver such documents and perform  
8 such other acts as may be reasonably requested by the Reorganized Debtor to implement and carry out  
9 the terms and/or intent of the Plan, and any notes or other documents issued pursuant hereto. In the  
10 event such Holders fail to do so within 30 days of the Effective Date or request, as applicable, the  
11 Reorganized Debtor shall be granted, pursuant to the Confirmation Order, power of attorney authority,  
12 and authority under FRBP 7070 (and Federal Rule of Civil Procedure 70), for the limited purpose of  
13 accomplishing the foregoing.

14 **F. CONFIRMATION REQUEST**

15 In the event that all of the applicable requirements of Bankruptcy Code §1129 (a) are met other  
16 than paragraph (8), the Debtor requests Confirmation of the Plan notwithstanding the requirements of  
17 such paragraph under Bankruptcy Code §1129(b).

18 **G. FINAL DECREE**

19 Once the Estate has been fully administered as referred to in FRBP 3022, the Debtor, or other  
20 party as the Bankruptcy Court shall designate in the Confirmation Order, shall file a motion with the  
21 Bankruptcy Court to obtain a final decree to close the Case.

22 DATED: January 23, 2013

STORY BUILDING LLC, Debtor

23  
24  
25 /s/ Gholam Ali Safari  
By: Gholam Ali Safari  
26 Its: Manager  
27  
28

1 Respectfully submitted,

2 CREIM MACIAS KOENIG & FREY LLP

3

4 By: /s/ Sanford L. Frey  
5 Sanford L. Frey

6 Reorganization Attorneys for Story Building LLC,  
7 Debtor and Debtor in Possession,  
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