

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

Chapter 11

TRIPLANET PARTNERS, LLC,

Case No: 14-22643 (RDD)

Debtor.

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**SECOND AMENDED DISCLOSURE STATEMENT FOR SECOND AMENDED
PLAN OF LIQUIDATION OF TRIPLANET PARTNERS, LLC, AS MODIFIED**

**THIS IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE
PLAN FOR THE DEBTOR. ACCEPTANCES OR REJECTIONS MAY NOT BE
SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE
BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED
TO THE BANKRUPTCY COURT FOR APPROVAL BUT HAS NOT BEEN APPROVED
BY THE BANKRUPTCY COURT. THE INFORMATION CONTAINED HEREIN IS
SUBJECT TO COMPLETION OR AMENDMENT.**

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Dated: New York, New York
July 28, 2015

DISCLAIMER

NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

THE DISCLOSURE STATEMENT AND ALL EXHIBITS HERETO, INCLUDING THE PLAN, SHOULD BE READ. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS ANNEXED TO THE DISCLOSURE STATEMENT AND THE PLAN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN. THE TRANSMISSION OF THIS DISCLOSURE STATEMENT SHALL NOT CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION STATED SINCE THE DATE HEREOF. AFTER THE DATE HEREOF, THERE CAN BE NO ASSURANCE THAT (A) THE INFORMATION AND REPRESENTATIONS CONTAINED HEREIN WILL BE MATERIALLY ACCURATE, AND (B) THIS DISCLOSURE STATEMENT CONTAINS ALL MATERIAL INFORMATION.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE, AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NONBANKRUPTCY LAW. THIS DISCLOSURE STATEMENT WAS PREPARED TO PROVIDE HOLDERS OF CLAIMS AGAINST THE DEBTOR WITH "ADEQUATE INFORMATION" (AS DEFINED IN THE BANKRUPTCY CODE) SO THAT THEY CAN MAKE AN INFORMED JUDGMENT ABOUT THE PLAN.

THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, AS A STIPULATION OR AS A WAIVER, BUT, RATHER, AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY, NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE LIQUIDATION OR THE PLAN ON HOLDERS OF CLAIMS AGAINST THE DEBTOR.

SUMMARY

A glossary of defined terms frequently used in this disclosure statement is set forth in Article 1 of the plan of reorganization filed with the Bankruptcy Court.

The debtor, **TriPlanet Partners, LLC** (the “Debtor”), has filed its *Second Amended Plan of Liquidation, as Modified* dated July 28, 2015 (the “Plan”), with the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”). This *Second Amended Disclosure Statement for Second Amended Plan of Liquidation of TriPlanet Partners, LLC, as Modified* (the “Disclosure Statement”) has been approved by the Bankruptcy Court for use in connection with confirmation of the Plan pursuant to section 1125 of title 11 of the United States Code (the “Bankruptcy Code”).

In the Debtor’s opinion, the treatment of Claims under the Plan provides a greater recovery for certain Creditors than that which is likely to be achieved under other alternatives for the reorganization or liquidation of the Debtor.

Accordingly, the Debtor believes that Confirmation of the Plan is in the best interests of Creditors.

The Debtor filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code on May 8, 2014 (the “Petition Date”) with the Clerk of the United States Bankruptcy Court for the Southern District of New York. No official committee of unsecured creditors has been appointed in this case by the Office of the United States Trustee.

The Debtor is an international management consulting firm to the financial services industry that delivers expert solutions in business performance and transformation across the finance, risk, treasury and technology functions.

THE PLAN

The Plan provides for (i) the distribution of the proceeds from sale (the “Sale Proceeds”) of an apartment located at 402 West Broadway, 4th Floor, New York, New York (the “Apartment”), and (ii) using the Sale Proceeds, along with available Cash on hand, to satisfy Holders of Allowed Claims pursuant to their statutory priorities. Depending on the allowed amount of Priority Tax Claims, Holders of Unsecured Claims may receive a pro rata distribution on account of their allowed claims. Under the Plan, the Debtor’s Interests will be cancelled.

As set forth in Article 2 of the Plan, pursuant to section 1123(a)(1) of the Bankruptcy Code, certain Administrative Claims against the Debtor have not been classified. As set forth in Articles 3 and 4 of the Plan, the Plan classifies the various Claims against the Debtor and specifies their treatment pursuant to sections 1122 and 1123(a) of the Bankruptcy Code. The table below provides a summary of the classification and treatment of Creditor Claims under the Plan. The figures set forth in the table below represent the Debtor’s best estimate of the

aggregate amount of Claims in the Case. These estimates are based on an analysis of the Schedules filed by the Debtor, the Proofs of Claim filed by Creditors, and information provided to Debtor’s counsel. There can be no assurance that Claims will be allowed by the Bankruptcy Court in the amounts set forth below. The aggregate amount of Allowed Claims may be significantly lowered from the amounts set forth below as the result of objections to claims which may be brought by the Debtor or through stipulations which may be negotiated with various creditors.

Class and Estimated Amount¹	Type of Claim	Summary of Treatment
\$45,230	Administrative Claims (excluding Claims for professional compensation and reimbursement and Administrative Tax Claims, but including post-petition ordinary course liabilities and debtor in possession financing)	Non-Voting. Subject to the provisions of article 7 of the Plan with respect to Disputed Claims, each Allowed Administrative Claim, to the extent not previously paid, shall be paid by the Disbursing Agent in Cash in full on (i) the later of (x) the Effective Date, (y) the date payment of such Claim is due under the terms thereof or applicable law, or (z) three business days after such Claim becomes an Allowed Administrative Claim or (ii) as may be otherwise mutually agreed in writing between the Debtor and the Holder of such Claim; <i>provided, however,</i> that any Administrative Claim incurred by the Debtor in the ordinary course of its business shall be paid in full or performed by the Debtor in accordance with the terms and conditions of the particular transaction giving rise to such Administrative Claim and any agreements relating thereto.
\$0.00	Administrative Tax Claims	Non-Voting. Subject to the provisions of Article 7 of the Plan with respect to Disputed Claims, all Allowed Administrative Tax Claims held by Governmental Units shall be paid, in Cash, in full either (i) on or prior to the Effective Date, or (ii) upon such other terms as may be agreed to, in writing, between the Debtor and such Governmental Units on or before the Confirmation Date.

¹ Amounts set forth in this chart are not and should not be deemed admissions by the Debtor as to validity or amount of any scheduled or filed claim. The Debtor reserves all rights to object to any scheduled or filed claim in the Debtor’s case.

Class and Estimated Amount ¹	Type of Claim	Summary of Treatment
Approximately \$1,600,000 ²	Administrative Claims for Professional Compensation and Reimbursement ³	<p>Non-Voting. No later than three days prior to the Confirmation Date, each Professional shall provide the Debtor with an estimate of the total amount of compensation and expenses for which such Professional expects to seek final compensation pursuant to section 330 of the Bankruptcy Code. On the Effective Date, the Disbursing Agent shall segregate sufficient cash to pay all such estimated compensation and expenses in full unless otherwise agreed to by the Debtor and such Professionals; <i>provided, however</i>, that the failure of a Professional to provide such an estimate shall relieve the Debtor of its obligation to segregate funds for the payment therefore, but shall not relieve the Debtor of the obligation with respect to any allowed compensation and expense reimbursement. All Professionals shall file final applications for approval of compensation and reimbursement of reasonable and necessary expenses pursuant to section 330 of the Bankruptcy Code no later than the Administrative Bar Date. Any such application timely filed shall be deemed to be an Administrative Claim, subject to the entry of a Final Order by the Bankruptcy Court approving such application. Objections to any Professional’s application for compensation or reimbursement must be timely filed and served upon such Professional, and upon the Debtor in accordance with the Bankruptcy Rules. Any such objection not timely filed and served shall be deemed to have been waived. Each Holder of an Allowed Claim for Professional Fees shall receive from the Disbursing Agent, in full satisfaction of such Allowed Claim, Cash in the amount of such Allowed Claim, or in an amount as may be otherwise mutually agreed in writing between the Debtor and the Holder of such Claim, within three</p>

²The \$1,600,000 in professional fees includes estimates of the fees incurred through June 2015.

³ Any agreement with respect to the waiver and/or modification of fees will be disclosed to the Court and the Office of the United States Trustee.

Class and Estimated Amount ¹	Type of Claim	Summary of Treatment
		days of the entry of a Final Order allowing such Claim.
\$17,087 ⁴	Priority Tax Claims	Non-Voting. Subject to the provisions of Article 7 of the Plan with respect to Disputed Claims, in full satisfaction, release and discharge of Priority Tax Claims, each Holder of a Priority Tax Claim shall receive, on the Effective Date, or as soon as practicable after each such Claim becomes an Allowed Claim, payment from the Disbursing Agent, (i) in Cash, in the full amount of its Allowed Priority Tax Claim or (ii) as may be otherwise mutually agreed in writing between the Debtor the Holder of such Priority Tax Claim.
Class 1 \$0.00 ⁵	Priority Non-Tax Claims	Unimpaired. Subject to the provisions of Article 7 of the Plan with respect to Disputed Claims, in full satisfaction, release and discharge of the Priority Non-Tax Claims, each Holder of a Priority Non-Tax Claim shall receive, on the Effective Date, or as soon as practicable after each such Claim becomes an Allowed Claim, payment from the Disbursing Agent (i) in Cash, in the full amount of its Priority Non-Tax Claim, or (ii) as may be

⁴ The Priority Tax Claims are comprised of claims filed by (i) the New York State Department of Labor (“NYSDOL”), (ii) the IRS and (iii) Her Majesty Revenue and Customs (“HMRC”). The \$17,087 claim is the claim of the NYSDOL. The IRS filed a claim, which included priority claim in the amount of \$131,393.96. The Debtor has objected to the IRS’s claim and seeks to have it disallowed and expunged in its entirety. The Debtor is in discussions with the U.S. Attorneys’ Office regarding the IRS’ claim. Although the Debtor is placing a value of \$0 on the IRS Claim for the purpose of Disclosure Statement, to the extent the IRS Claim is allowed in full, it will reduce the distribution to Holders of Class 3 Unsecured Claims from approximately 6 cents on the dollar to 4.5 cents on the dollar. HMRC filed a proof of claim in an unliquidated amount as a priority claim. The Debtor objected to the claim of HMRC and seeks to have it disallowed and expunged in its entirety, on the basis that to the extent HMRC holds a valid claim against the Debtor, such claim cannot be enforced against the Debtor by the Bankruptcy Court. The Debtor believes that the Priority Tax Claim asserted by HMRC is a foreign tax claim, and under the common law “revenue rule,” such claim cannot be enforced against a Debtor in this Court. *See Debtor’s Objection to the Claims of Her Majesty’s Revenue & Customs*, filed on July 8, 2015 (ECF Doc. No. 161). Based on the objection to the claim of HMRC, the Debtor is valuing the claim of HMRC at \$0.00 for purposes of the Plan and Disclosure Statement. **IF THE HMRC CLAIM IS NOT DISALLOWED OR SUBSTANTIALLY REDUCED, THERE IS A RISK THAT THERE WILL BE NO DISTRIBUTION TO HOLDERS OF CLASS 3 UNSECURED CLAIMS.**

⁵ There are no Holders of Priority Non-Tax Claims because such claims are subordinated. The Debtor scheduled Priority Non-Tax Claims for Hazem Bennaceur, Imed Bennaceur and Sophien Bennaceur in the aggregate amount of \$37,425.00. However, as these people are insiders, the Debtor is subordinating and reclassifying these claims as Class 4 Subordinated Insider Claims.

Class and Estimated Amount ¹	Type of Claim	Summary of Treatment
		otherwise agreed in writing between the Debtor and the Holder of such Priority Non-Tax Claim.
Class 2 \$1,300,000	Roberts Secured Claim	Impaired. In full satisfaction, release and discharge of the Roberts Secured Claim, the Holder of the Roberts Secured Claim shall be paid pursuant to the terms of the Roberts Claim Settlement Agreement.
Class 3 filed, scheduled and/or agreed to in the aggregate amount of \$8,678,487	Unsecured Claims	Impaired. Subject to the provisions of Article 7 of the Plan with respect to Disputed Claims, in full satisfaction, settlement, release and discharge of the Class 3 Unsecured Claims, the Holders of the Class 3 Unsecured Claims shall receive their pro rata share of the Debtor's assets, if any, after payment is made to Administrative Claims, Administrative Tax Claims, Priority Tax Claims and Claims in Classes 1 and 2.
Class 4 \$14,427,471	Subordinated Insider Claims	Impaired. Upon the Effective Date, the Holder of a Subordinated Insider Claim shall not receive or retain any property under the Plan on account of such Subordinated Insider Claim.
Class 5 \$0.00	Interests	Impaired. Upon the Effective Date, the Holder of Allowed Interests shall have his Interests in the Debtor cancelled and extinguished. The Holder of Allowed Interests shall not receive or retain any property under the Plan on account if his Interests.

CONFIRMATION OF THE PLAN

Pursuant to section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled a hearing to consider Confirmation of the Plan, on August 28, 2015 at 10:00 a.m., Eastern Standard Time, in the United States Bankruptcy Court for the Southern District of New York, 300 Quarropas Street, White Plains, New York 10601. The Bankruptcy Court has directed that objections, if any, to Confirmation of the Plan be filed and served on or before [], 2015 at 5:00 p.m., in the manner described under "ACCEPTANCE AND CONFIRMATION -- Confirmation Hearing."

At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of section 1129(a) of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court will enter an order confirming the Plan. The Debtor intends to seek Confirmation of the Plan at the Confirmation Hearing. **The Debtor believes that the Plan**

satisfies all applicable requirements of section 1129(a) and section 1129(b) of the Bankruptcy Code. See “ACCEPTANCE AND CONFIRMATION -- Requirements for Confirmation” for a description of such requirements. Confirmation makes the Plan binding upon the Debtor, all Creditors, and other parties regardless of whether they have accepted the Plan.

With the entry of the Confirmation Order, pursuant to section 1141(d) of the Bankruptcy Code, except as otherwise provided in the Plan, the distributions provided for in the Plan will be in exchange for and in complete satisfaction, discharge and release of all Claims against the Debtor or any of its assets or properties, including any Claim accruing after the Petition Date and before the Confirmation Date. As of the Effective Date, all holders of Claims shall be precluded from asserting any Claim against the Debtor or its assets or other interests in the Debtor based on any transaction or other activity of any kind that occurred before the Confirmation Date except as otherwise provided in the Plan.

NO VOTING FOR CERTAIN CREDITORS — SUMMARY

VOTING INSTRUCTIONS FOR HOLDERS OF CLAIMS AND INTERESTS IN CLASSES 2 AND 3 – SUMMARY

Holders of Allowed Claims in Classes 2 and 3 are the only Holders of Claims that are entitled to vote on the Plan. The following discussion summarizes more detailed voting instructions set forth in the section of this Disclosure Statement entitled “VOTING INSTRUCTIONS.” If you have any questions regarding the timing or manner of casting your ballot, please refer to the “VOTING INSTRUCTIONS” section of this Disclosure Statement and the instructions contained on the ballot that you received with this Disclosure Statement.

General. The Debtor has sent a ballot and a copy of this Disclosure Statement to the Holders of Allowed Claims in Classes 2 and 3 because they are impaired under the Plan. The Debtor has sent a notice of non-voting status to Holders of Subordinated Insider Claims in Class 4 and Holders of Interests in Class 5 because they are not receiving or retaining any property under the Plan and are deemed to reject the Plan.

The Plan can be confirmed by the Bankruptcy Court and thereby made binding on you if it is accepted by Holders of two-thirds in amount and more than one-half in the number of the Allowed Claims in Classes 2 and 3.

In the event the requisite acceptances are not obtained, the Bankruptcy Court may nevertheless confirm the Plan if (i) the Bankruptcy Court finds that the Plan accords fair and equitable treatment and does not discriminate unfairly with respect to the class rejecting it, and (ii) at least one impaired class of creditors excluding insiders has accepted the Plan.

Voting Multiple Interests. A single form of ballot is provided for Holders of Claims in Classes 2 and 3. Any Person who holds more than one Claim or Interest will be

deemed to hold only a single Claim or Interest in such Class in the aggregate amount of all Allowed Claims or Interests in such Class held by such Person. Thus each Person need complete only one ballot for each class of Claims and Interests in Classes 2 and 3.

Deadline for Returning Ballots. The Bankruptcy Court has directed that, to be counted for voting purposes, ballots for the acceptance or rejection of the Plan must be received by the Debtor no later than 5:00 p.m., Eastern Time, on _____, 2015 at the following address:

Robinson Brog Leinwand Greene Genovese & Gluck P.C.
875 Third Avenue, 9th Floor
New York, New York 10022
Attention: Steven Eichel

Voting Questions. If you have any questions regarding the provisions or requirements for voting to accept the Plan or require assistance in completing your ballot, you may contact Steven Eichel, Esq. at (212) 603-6345.

NOTICE TO HOLDERS OF CLAIMS AND INSIDER CLAIMS

This Disclosure Statement and the accompanying ballots are being furnished by the Debtor to the Debtor's known Creditors pursuant to section 1125(b) of the Bankruptcy Code in connection with a solicitation of acceptances of a plan of liquidation by the Debtor. The Plan is filed with the Bankruptcy Court and is incorporated herein by reference. Parties in interest may view the Plan on the Internet at <http://www.nysb.uscourts.gov>.⁶

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED BY THE DEBTOR. THE STATEMENTS AND OPINIONS SET FORTH HEREIN ARE THOSE OF THE DEBTOR, AND NO OTHER PARTY HAS ANY RESPONSIBILITY WITH RESPECT THERETO.

THIS DISCLOSURE STATEMENT CONTAINS IMPORTANT INFORMATION THAT MAY BEAR UPON THE DECISION OF CREDITORS AND HOLDER OF INSIDER CLAIM TO ACCEPT OR REJECT THE PLAN PROPOSED BY THE DEBTOR. PLEASE READ THIS DOCUMENT WITH CARE.

THE PLAN HAS NOT BEEN APPROVED OR DISAPPROVED BY ANY BANKRUPTCY COURT, THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND

⁶A password is necessary for access to view documents on the Internet.

EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE FAIRNESS OR MERITS OF THE PLAN OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

The historical information concerning the Debtor has been prepared using certain filings made with the Bankruptcy Court. The estimates of Claims set forth herein may vary from the final amounts of Claims allowed by the Bankruptcy Court. While every effort has been made to ensure the accuracy of all such information, except as noted in the Disclosure Statement, the information presented herein is unaudited.

This Disclosure Statement contains a summary of certain provisions of the Plan and the transactions contemplated thereunder, and may contain descriptions of certain other related documents. While the Debtor believes that these summaries are fair and accurate, such summaries are qualified to the extent that they do not set forth the entire text of such documents. Reference is made to the Plan and the documents referred to herein and therein, if any, for a complete statement of the terms and provisions thereof. In the event of any inconsistency between the terms of the Plan and this Disclosure Statement, the terms of the Plan shall be controlling. In reviewing the Plan and this Disclosure Statement, the reader should give special attention to “RISK FACTORS.” No statements or information concerning the Debtor or its assets, or financial condition, are authorized by the Debtor other than as set forth in this Disclosure Statement, the Plan and the exhibits hereto.

The statements contained in this Disclosure Statement are made as of the date hereof unless another time is specified herein. The delivery of this Disclosure Statement shall not create, under any circumstances, an implication that there has been no change in the facts set forth herein since the date hereof.

No solicitation of votes to accept or reject the Plan may be made except pursuant to this Disclosure Statement and section 1125 of the Bankruptcy Code. No Person has been authorized to use or promulgate any information concerning the Debtor or the Plan, other than the information contained in this Disclosure Statement and the exhibits hereto. You should not rely on any information relating to the Debtor or the Plan other than that contained in this Disclosure Statement and the exhibits hereto.

RECOMMENDATION

In the Debtor’s opinion, the treatment to Creditors under the Plan provides a greater recovery than is likely to be achieved under any other alternatives, including liquidation under Chapter 7. See “ALTERNATIVES TO THE PLAN.” In particular, the Debtor believes that in a Chapter 7 liquidation, administrative costs will increase. The Plan as proposed provides for the payment of the Allowed Claim in Class 2 from the sale proceeds of the Apartment pursuant to the terms of the settlement agreement with Benjamin Roberts (“Roberts”). The

remaining proceeds from the sale of the Apartment will be distributed pro rata to Holders of Class 3 Unsecured Claims.

THE DEBTOR BELIEVES THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF CREDITORS AND URGES EACH CREDITOR ENTITLED TO VOTE TO ACCEPT THE PLAN.

EVENTS LEADING TO CHAPTER 11

Prior to the Petition Date, the Debtor operated as a management consultant to the financial services industry that delivered expert solutions in business performance and transformation across the finance, risk, treasury and technology functions.

In the operation of its business, the Debtor hired Roberts to assist with a multi-million dollar service contract with Royal Bank of Scotland (“RBS”). The Debtor’s contract with RBS was terminated. Several months later, Roberts’ employment with the Debtor ended.

After being dismissed, in August 2012, Roberts commenced the action styled *Benjamin Roberts v. TriPlanet Partners, LLC, et al.* (D. Conn. 12-cv-1222) (JAM) (the “Connecticut Action”) in August 2012 against the Debtor and non-debtors Sophien Bennaceur (“Sophien”), the Debtor’s sole manager, and Imed Bennaceur (“Imed”), the Debtor’s sole member, asserting claims for, among other things, unpaid wages arising out on an employment agreement between Roberts and the Debtor. In August 2013, Roberts added Moez Bennaceur (“Moez”), as a defendant alleging, among other things, that Sophien’s and Moez’s conduct in conveying, for zero consideration, the Apartment, after Roberts commenced the Connecticut Action, and shortly before the Connecticut District Court’s hearing on Roberts’ application for prejudgment remedy, created a strong inference that the Apartment was fraudulently transferred with the intent to hinder, delay and defraud Roberts with respect to his claims.

In April 2014, Roberts commenced the action styled *Benjamin Roberts v. Sophien Bennaceur, et al.* (S.D.N.Y. 14-cv-2838 (DAB) (the “New York Action”) against Sophien and Moez claiming Sophien and Moez misappropriated the Debtor’s corporate funds to purchase and renovate the Apartment. Roberts alleged in his complaint that the purpose of the New York Action was to obtain the apartment to partially satisfy his claim for unpaid wages from the Debtor. The New York District Court issued a temporary restraining order and a \$9 million order of attachment with respect to the Apartment.

SIGNIFICANT EVENTS IN THE CHAPTER 11 CASE

On the Petition Date, the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York so that it could reorganize its business and debt obligations. The bankruptcy case stayed the Connecticut Action and the New York Action. The following discussion is intended

to highlight some of the more significant events which have occurred during the pendency of the Debtor's case.

MOTION FOR EXTENSION OF AUTOMATIC STAY

On May 20, 2014, the Debtor filed a motion seeking a temporary restraining order, preliminary injunction and an extension of the automatic stay (the "Stay Motion") to Sophien, Imed, Moez and the Debtor's affiliates. Responsive papers were filed by Roberts and the Debtor filed a reply. On September 25, 2014, the Bankruptcy Court granted the Debtor's Stay Motion in part, and denied it in part.

MOTION TO DISMISS

On June 6, 2014, Roberts filed a motion to dismiss the Debtor's chapter 11 case for bad faith, or in the alternative, for relief from the automatic stay (the "Motion to Dismiss"). The Debtor objected to Roberts' Motion to Dismiss. A hearing was held on the Motion to Dismiss. By order dated November 24, 2014, the Bankruptcy Court denied the Motion to Dismiss.

COMPLAINT TO AVOID AND RECOVER TRANSFERS

On August 17, 2014, the Debtor filed a complaint against Moez, seeking to avoid and recover certain conveyances in connection with certain transfers of the Debtor's property to or for the benefit of Moez. The Debtor sought to set aside such transfers and recover the property or the value thereof for the benefit of the Debtor's estate, including the Apartment that was purchased with certain of the transfers.

On August 26, 2014, the Debtor filed a motion seeking to approve a settlement between the Debtor and Moez (the "9019 Motion") pursuant to Bankruptcy Rule 9019. The settlement provided, among other things, that in exchange for transferring the Apartment to the Debtor for it to be sold with the proceeds of the Apartment to be held in escrow pending further order of the Bankruptcy Court, the complaint against Moez would be dismissed with prejudice (the "Moez Settlement Agreement").

On August 29, 2014, Roberts filed a motion to intervene (the "Intervention Motion") in the adversary proceeding against Moez, which was amended on October 6, 2014. On September 4, 2014, Roberts objected to the Debtor's 9019 Motion and Moez Settlement Agreement. On October 8, 2014, Roberts filed a supplemental objection to the 9019 Motion. The Debtor submitted responsive papers to (i) Roberts' Intervention Motion and (ii) Roberts' objections to the 9019 Motion. On November 24, 2014, the Bankruptcy Court denied Roberts' Intervention Motion and approved the Debtor's 9019 Motion and the Moez Settlement Agreement.

In furtherance of the Moez Settlement Agreement, the Debtor sought and received approval from Judge Deborah A. Batts in the New York Action to transfer the Apartment to the Debtor (subject to any liens, claims and encumbrances) so it could be sold, with the sales proceeds to be held in escrow pending further order of this Court, and with all liens, claims and encumbrances, including ownership interests (except Moez's), attaching to the sale proceeds of the Apartment to the same extent as previously asserted against the Apartment. Judge Batts' order was entered on February 5, 2015.

OBJECTION TO ROBERTS CLAIM

On September 4, 2014, Roberts filed a claim against the Debtor in the amount of \$20,047,257.83 (the "Roberts Claim"). On December 22, 2014, the Debtor objected to the claim filed by Roberts (the "Roberts Claim Objection"). In connection with the Roberts Claim Objection, the Debtor used the expert report of Ira Spiegel to assert that there was a range of potential outcomes with respect to the allowed amount of the Roberts Claim, ranging from Roberts having received more money than he earned and thus owing the Debtor \$836,404.06 to the Debtor owing Roberts \$1,143,891.32. Roberts filed a response to the Roberts Claim Objection.

In connection with the Roberts Claim Objection, the Debtor and Roberts exchanged discovery. As part of that discovery, Roberts provided Debtor's counsel with the report of his expert, who was of the opinion that the Roberts Claim has a value of up to \$9,300,000 (excluding Roberts' claim for double damages and attorneys' fees). After exchanging discovery, the Debtor and Roberts engaged in significant settlement discussions, which resulted in the Debtor and Roberts agreeing to resolve the Roberts Claim Objection in exchange for a \$1.3 million payment to Roberts from the Sale Proceeds, which will be paid upon a closing of the sale of the Apartment (the "Roberts Claim Settlement Agreement"). Additionally, as part of the Roberts Claim Settlement Agreement, Roberts must vote in favor of the Plan, so long as it is not inconsistent with the terms of the Roberts Claim Settlement Agreement. The Debtor will be filing a motion to approve the Roberts Claim Settlement Agreement.

DIP FINANCING

On January 28, 2015, the Debtor filed a motion seeking approval of \$250,000 in DIP financing (the "DIP Motion") to pay for ongoing administrative expenses. Roberts objected to the Debtor's DIP Motion. The DIP Motion was approved on February 27, 2015.

SALE MOTION

Contemporaneously with the filing of the motion to approve this Disclosure Statement, the Debtor is seeking approval of a sale of the Apartment. Subsequent to the transfer of the Apartment from Moez to the Debtor, the Debtor retained Camelot Brokerage Services Corp. ("Camelot") to market the Apartment. Camelot's retention was approved on April 20,

2015, to market the Apartment. The Apartment was marketed to over 40 prospective purchasers. Upon approval of the sale, the Sale Proceeds will be used to pay the Roberts Claim Settlement Agreement and fund payments under this Plan.

RETENTION OF PROFESSIONALS

Section 327(a) of the Bankruptcy Code provides that a debtor, with the court's approval, may employ one or more accountants or other professional persons that do not hold or represent an interest adverse to the estate and that are disinterested persons to represent or assist the debtor in carrying out its duties under the Bankruptcy Code. 11 U.S.C. § 327(a).

On May 30, 2014, the Debtor sought authority from the Bankruptcy Court to retain the law firm of Robinson Brog Leinwand Greene Genovese & Gluck P.C., as its counsel. The application was granted pursuant to an order signed on July 3, 2014.

On July 23, 2014, the Debtor sought authority from the Bankruptcy Court to retain the accounting firm of EisnerAmper LLP, as its accountants. The application was granted pursuant to an order signed on July 31, 2014.

RETENTION OF SPECIAL LITIGATION COUNSEL

On August 1, 2014, the Debtor sought authority from the Bankruptcy Court pursuant to section 327(e) of the Bankruptcy Court to retain Stamell & Schager, LLP as special litigation counsel to the Debtor. Roberts objected to the application. The application was granted pursuant to an order signed on September 22, 2014, which authorized the retention of Stamell & Schager to resolve tax issues with respect to HMRC.

RETENTION OF CHIEF RESTRUCTURING OFFICER

On May 30, 2014, the Debtor sought authority from the Bankruptcy Court pursuant to section 363 of the Bankruptcy Court to retain Joshua Rizack as Chief Restructuring Officer of the Debtor. Roberts objected to Mr. Rizack's retention. The application was granted pursuant to an order signed on July 3, 2014.

BAR DATE

In accordance with the requirements of section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, the Debtor has filed its schedules of assets and liabilities, including schedules of all of its known creditors and the amounts and priorities of the Claims the Debtor believes are owed to such creditors. Pursuant to section 501 of the Bankruptcy Code, any creditor may file a Proof of Claim and, unless disputed, such filed Proof of Claim supersedes the amount and priority set forth in the Debtor's schedules. By order of the Bankruptcy Court dated July 31, 2014, September 4, 2014 was set as the last day for creditors to file Proofs of Claim in

the Debtor's Chapter 11 case, with November 4, 2014 set as the last day for governmental units to file Proofs of Claim.

There can be no assurance that the Allowed Claims as determined by the Bankruptcy Court will be in the amounts and priorities stated in the Schedules filed by the Debtor or the Proofs of Claim filed by the Creditors.

OPERATING REPORTS

Pursuant to the requirements of the Office of the United States Trustee for the Southern District of New York, the Debtor has been preparing and filing monthly operating reports with the Bankruptcy Court. Copies of such reports may be obtained (i) from the Bankruptcy Court during normal business hours, (ii) upon written request made to counsel for the Debtor, or (iii) from the Bankruptcy Court's Electronic Case Filing System ("ECF")⁷ which may be accessed at the Bankruptcy Court's Internet website at www.nysb.uscourts.gov.

SUMMARY OF THE PLAN

The following summary of the terms of the plan is qualified in its entirety by reference to the provisions of the Plan, a copy of which is filed with the Clerk of Bankruptcy Court and which is incorporated herein by reference.

CLASSIFICATION OF CLAIMS AND INTERESTS

Classification of claims is governed, in part, by sections 1122 and 1123(a) of the Bankruptcy Code. Section 1123(a) requires that a plan designate classes of claims, requires that the plan specify the treatment of any impaired class of claims, and requires that the plan provide the same treatment for each claim of a particular class, unless the holder of a claim receiving less favorable treatment consents to such treatment. 11 U.S.C. §1123(a)(1), (3) and (4). Section 1122(a) of the Bankruptcy Code provides, subject to an exception for administrative convenience, that "a plan may place a claim or interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class."

Article 3 of the Plan classifies the various Claims against and Interests in the Debtor into five classes of Claims and one class of Interests:

- Class 1 – Priority Non-Tax Claims
- Class 2 – Roberts Secured Claim
- Class 3 – Unsecured Claims
- Class 4 – Subordinated Insider Claims
- Class 5 – Interests

⁷ Filing documents on the ECF requires a password which an attorney may obtain by contacting the Bankruptcy Court's technical assistance department, Monday through Friday, 9:00 a.m. to 4:00 p.m.

As set forth in Article 2 of the Plan, pursuant to section 1123(a)(1) of the Bankruptcy Code, certain Administrative Claims against the Debtor have not been classified. See “SUMMARY OF THE PLAN -- Treatment of Non-Classified Claims.”

TREATMENT OF CLAIMS CLASSIFIED UNDER THE PLAN

Article 4 of the Plan provides for the treatment of Claims classified in Article 3 of the Plan as follows:

Class 1 – Priority Non-Tax Claims. Subject to the provisions of Article 7 of the Plan with respect to Disputed Claims, in full satisfaction, release and discharge of the Priority Non-Tax Claims, each Holder of a Priority Non-Tax Claim shall receive, on the Effective Date, or as soon as practicable after each such Claim becomes an Allowed Claim, payment from the Disbursing Agent (i) in Cash, in the full amount of its Priority Non-Tax Claim, or (ii) as may be otherwise agreed in writing between the Debtor and the Holder of such Priority Non-Tax Claim.⁸

Class 2 – Roberts Secured Claim. In full satisfaction, release and discharge of the Roberts Secured Claim, the Holder of the Roberts Secured Claim shall be paid pursuant to the terms of the Roberts Claim Settlement Agreement.

Class 3 – Unsecured Claims. Subject to the provisions of Article 7 of the Plan with respect to Disputed Claims, in full satisfaction, settlement, release and discharge of the Class 3 Unsecured Claims, the Holders of the Class 3 Unsecured Claims shall receive their pro rata share of the Debtor’s assets, if any, after payment is made to Administrative Claims, Administrative Tax Claims, Priority Tax Claims and Claims in Classes 1 and 2.

Class 4 – Subordinated Insider Claims. Upon the Effective Date, the Holder of a Subordinated Insider Claim shall not receive or retain any property under the Plan on account of such Subordinated Insider Claim.⁹

Class 5 – Interests. Upon the Effective Date, the Holder of Allowed Interests shall have his Interest in the Debtor cancelled.

TREATMENT OF NON-CLASSIFIED CLAIMS

Pursuant to section 1123(a)(1) of the Bankruptcy Code, the Plan does not classify Administrative Claims entitled to priority treatment under section 507(a)(1) of the Bankruptcy Code or Claims of Governmental Units entitled to priority pursuant to section 507(a)(8) of the Bankruptcy Code. Article 2 of the Plan provides for the manner of treatment of such non-classified Claims.

⁸ There are no Priority Non-Tax Claims because such claims are subordinated and reclassified under the Plan.

⁹ The Class of Subordinated Insider Claims also includes the Priority Non-Tax Claims and Unsecured Claims of Hazem Bennaceur, Imed Bennaceur and Sophien Bennaceur.

Administrative Claims. Administrative Claims are the costs and expenses of administration of this Case, allowable under section 503(b) of the Bankruptcy Code, other than Bankruptcy Fees. Administrative Claims include Claims for the provision of goods and services to the Debtor after the Petition Date, Claims of professionals, such as attorneys, appraisers, and accountants, retained pursuant to an order of the Bankruptcy Court, for compensation and reimbursement of expenses under section 330 of the Bankruptcy Code, and tax claims for the period from the Petition Date to the Effective Date of the Plan.

Subject to the provisions of article 7 of the Plan with respect to Disputed Claims, each Administrative Claim, to the extent not previously paid, shall be paid by the Disbursing Agent in Cash in full on (i) the later of (x) the Effective Date, (y) the date payment of such Claim is due under the terms thereof or applicable law, or (z) three business days after such Claim becomes an Allowed Administrative Claim or (ii) as may be otherwise mutually agreed in writing between the Debtor and the Holder of such Claim; *provided, however*, that any Administrative Claim incurred by the Debtor in the ordinary course shall be paid in full or performed by the Debtor in accordance with the terms and conditions of the particular transaction giving rise to such Administrative Claim and any agreements relating thereto.

Article 2 of the Plan sets a final date for the filing of Administrative Claims against the Debtor. The Administrative Bar Date is the first Business Day that is at least 60 days after the Effective Date. In the event that the Plan is confirmed, the Debtor shall deliver a notice of such bar date to all parties-in-interest.

Professionals' Fees. Section 330 of the Bankruptcy Code sets the standard for the determination by the Bankruptcy Court of the appropriateness of fees to be awarded to Professionals retained by a Debtor in a case under the Bankruptcy Code. In general, "bankruptcy legal services are entitled to command the same competency of counsel as other cases. In that light, the policy of this section is to compensate attorneys and other professionals serving in a case under title 11 at the same rate as the attorney or other professional would be compensated for performing comparable service other than in a case under title 11." 124 Cong. Rec. H11091 (Daily ed. Sept. 28, 1978).

With respect to Professionals' Fees, the Plan provides that, subject to the approval of compensation and reimbursement of expenses pursuant to sections 330 and 331 of the Bankruptcy Code, the Debtor shall pay the Administrative Claims held by Bankruptcy Professionals as follows:

Each Person seeking an award by the Bankruptcy Court of Professional Fees shall file its final application for approval of its Professional Fees no later than 60 days after the Administrative Bar Date. Each Holder of an Allowed Claim for Professional Fees shall receive from the Disbursing Agent, in full satisfaction of such Allowed Claim, Cash in the amount of such Allowed Claim within three days of the entry of a Final Order Allowing such Claim.

No later than three days prior to the Confirmation Date, each Professional shall provide the Debtor with an estimate of the total amount of compensation and expenses for which such Professional expects to seek final compensation pursuant to section 330 of the Bankruptcy Code. Such estimates shall include estimated sums for the preparation and prosecution of any application for final compensation. On the Effective Date, the Disbursing Agent shall segregate sufficient cash to pay all such estimated compensation and expenses in full unless otherwise agreed to by the Debtor and such Professionals; *provided, however*, that the failure of a Professional to provide such an estimate shall relieve the Debtor of its obligation to segregate funds for the payment therefore, but shall not relieve the Debtor of the obligation with respect to any allowed compensation and expense reimbursement.

All Professionals shall file final applications for approval of compensation and reimbursement of reasonable and necessary expenses pursuant to section 330 of the Bankruptcy Code no later than 60 days after the Administrative Bar Date. Any such application timely filed shall be deemed to be an Administrative Claim, subject to the entry of a Final Order by the Bankruptcy Court approving such application. Objections to any Professional's application for compensation or reimbursement must be timely filed and served upon such Professional, and upon the Debtor in accordance with the Bankruptcy Rules or as may be agreed between the Professional and the objecting party. Any such objection not timely filed and served shall be deemed to have been waived.

Administrative Tax Claims. Subject to the provisions of Article 7 of the Plan with respect to Disputed Claims, all Administrative Tax Claims held by governmental units shall be paid, in Cash, in full either (i) on or prior to the Effective Date, or (ii) upon such other terms as may be agreed to, in writing, between the Debtor and such governmental unit on or before the Confirmation Date.

Priority Tax Claims. Subject to the provisions of Article 7 of the Plan with respect to Disputed Claims, in full satisfaction, release and discharge of Priority Tax Claims, each Holder of a Priority Tax Claim shall receive, on the Effective Date, or as soon as practicable after each such Claim becomes an Allowed Claim, payment from the Disbursing Agent, (i) in Cash, in the full amount of its Priority Tax Claim or (ii) as may be otherwise mutually agreed in writing between the Debtor the Holder of such Priority Tax Claim.

Bankruptcy Fees. All fees and charges assessed against the Debtor under section 1930 of title 28 of the United States Code and any applicable interest thereon shall be paid in full as required by statute and until the closing, conversion or dismissal of this Case, whichever is earlier, the Debtor shall continue to be responsible for the payment of any such fees and charges.

DISPUTED CLAIMS

Article 7 of the Plan contains a mechanism for resolving disputes concerning the amount of certain Claims or Interests asserted against the Debtor by any Entity.

Time to Object. Unless otherwise ordered by the Bankruptcy Court, objections to the allowance of any Claim may be filed no later than the later to occur of (i) 60 days after the Effective Date or (ii) 60 days after the date proof of such Claim or Interest or a request for payment of such Claim is filed. Until the earlier of (i) the filing of an objection to a Proof of Claim or (ii) the last date to file objections to Claims as established by the Plan or by Final Order, Claims shall be deemed to be Disputed in their entirety if, (i) the amount specified in a Proof of Claim exceeds the amount of any corresponding Claim listed in the Schedules; (ii) any corresponding Claim listed in the Schedules has been scheduled as disputed, contingent or unliquidated; or (iii) no corresponding Claim has been listed in the Schedules.

DISTRIBUTIONS UNDER THE PLAN

Article 7 contains provisions governing the making of distributions on account of Claims. In general, any payments, distributions or other performance to be made pursuant to the Plan on account of any Allowed Claim shall be deemed to be timely made if made on or within five days following the later of (i) the Effective Date, (ii) the expiration of any applicable objection deadline with respect to Disputed Claims or (iii) such other time as provided in the Plan. All Cash payments to be made by the Debtor pursuant to the Plan shall be made by wire transfer or check drawn on a domestic bank. To the extent that any distribution is not paid on the Effective Date, funds in an amount necessary to satisfy any such unpaid claim shall be maintained in an escrow account for distribution thereafter.

Disbursing Agent. Robinson Brog Leinwand Greene Genovese & Gluck P.C. shall be the Disbursing Agent and other than the payments to be made at the closing of the sale of the Apartment, shall make distributions under the Plan.

Timing of Distributions Under the Plan. Subject to sections 7.6 and 7.8 of the Plan, any payments, distributions or other performance to be made pursuant to the Plan on account of any Disputed Claim, shall be deemed to be timely made if made on or within ten days following the later of (i) the expiration of any applicable objection deadline with respect to such Disputed Claim or (ii) such other times provided in the Plan.

Method of Payment. Unless otherwise expressly agreed, in writing, all Cash payments to be made pursuant to the Plan shall be made by wire transfer or check drawn on a domestic bank.

No Distribution Pending Allowance. Notwithstanding any other provision of the Plan, no payment or distribution of any kind shall be made with respect to any portion of a Disputed Claim unless and until all objections to such Claim are resolved by Final Order.

Distribution After Allowance. Within 15 days after the entry of a Final Order resolving an objection to a Disputed Claim, the Disbursing Agent shall distribute all Cash or other property, including any interest, dividends or proceeds thereof, to which a Holder is then entitled with respect to any formerly Disputed Claim that has become an Allowed Claim.

Surrender of Instruments; Execution of Satisfactions and Releases.

(a) Notwithstanding any other provision of the Plan, no Creditor that holds a note or other instrument evidencing such Creditor's Claim may receive any distribution with respect to such Claim unless and until the original note or other original instrument evidencing such Claim shall have been validly surrendered to the Disbursing Agent at the sole cost and expense of such Creditor.

(b) Any Cash or property to be distributed pursuant to the Plan on account of any such Claim shall, pending surrender, be treated as an undeliverable distribution pursuant to section 7.13 of the Plan.

(c) In the event any Creditor is unable to surrender a note or other instrument evidencing a Claim against the Debtor that has been destroyed, lost or stolen, such entity may receive a distribution with respect to such Claim by presenting to the Disbursing Agent, in a form acceptable to the Disbursing Agent: (i) proof of such entity's title to such Claim; (ii) an affidavit to the effect that the same has been lost and after diligent search cannot be located; and (iii) such indemnification as may be required by the Disbursing Agent and all other entities deemed appropriate by the Disbursing Agent from any loss, action, suit or any claim whatsoever which may be made as a result of such entity's receipt of a distribution under the Plan.

(d) All questions as to the validity, form or eligibility of any note or other instrument evidencing a Claim so surrendered shall be resolved by Final Order of the Bankruptcy Court. The Disbursing Agent shall not be under any duty to give notification of defects in such tender or shall incur liability for failure to give notification of such defects.

Delivery of Distributions. Except as provided in sections 7.13, 7.14 and 7.15 of the Plan, distributions to Holders of Allowed Claims and Allowed Interests shall be made: (1) at the addresses set forth on the respective Proofs of Claim or Proofs of Interests Filed by such Holders; (2) at the addresses set forth in any written notices of address changes delivered to the Disbursing Agent after the date of any related Proof of Claim; or (3) at the address reflected in the Schedules if no Proof of Claim or Proof of Interest is filed and the Disbursing Agent has not received a written notice of a change of address.

Undeliverable Distributions.

(a) If the distribution to the Holder of any Claim or Interest is returned to the Disbursing Agent as undeliverable, no further distribution shall be made to such Holder unless and until the Disbursing Agent is notified in writing of such Holder's then current address. Undeliverable distributions shall remain in the possession of the Disbursing Agent until the earlier of (i) such time as a distribution becomes deliverable or (ii) such undeliverable distribution becomes an unclaimed distribution pursuant to section 7.14 of the Plan.

(b) Until such time as an undeliverable distribution becomes an unclaimed distribution pursuant to section 7.14 of the Plan, within 30 days after the end of each calendar quarter following the Effective Date, the Disbursing Agent shall make distributions of all Cash and other property that has become deliverable during the preceding quarter. Each such distribution shall include the net return yielded from the investment of any undeliverable Cash, from the date such distribution would have been due had it then been deliverable to the date that such distribution becomes deliverable.

(c) Nothing contained in the Plan shall require the Debtor or Disbursing Agent to attempt to locate any Holder of an Allowed Claim or an Allowed Interest.

Unclaimed Distributions. Any Cash or other assets to be distributed under the Plan shall revert to the Debtor, to be redistributed to holders of Class 3 Unsecured Claims, if it is not claimed by the entity entitled thereto before the later of (i) one year after the Effective Date; (ii) one year after such scheduled payment to such entity under Article 4 of this Plan; or (iii) one year after an Order allowing the Claim of that entity becomes a Final Order, and such entity's claim shall be reduced to zero.

Set-offs. The Disbursing Agent may, but shall not be required to, set-off against the distributions to be made pursuant to the Plan the claims, obligations, rights, causes of action and liabilities of any nature that the Debtor may hold against the Holder of an Allowed Claim, *provided, however*, that neither the failure to effect such a set-off nor the allowance of any claim hereunder shall constitute a waiver or release by the Debtor (or the Disbursing Agent) of any such claims, obligations, rights, causes of action and liabilities that the Debtor or the Disbursing Agent has or may have against such Holder. To the extent the Disbursing Agent elects to effectuate a set-off, the Disbursing Agent shall notify the Holder of the Allowed Claim in writing at least ten (10) days prior to effectuating the set-off. To the extent the Holder of an Allowed Claim objects to the set-off, a written objection shall be provided to the Disbursing Agent no later than three (3) days prior to the set-off date or the objection shall be waived.

DISTRIBUTIONS WITH RESPECT TO DISPUTED CLAIMS

During the pendency of any objection to any Claim, no distribution under the Plan will be made to the holder of such Claim. However, there will be set aside and reserved on behalf of such Disputed Claim such cash or property as the holder thereof would be entitled to receive in the event such Claim was an Allowed Claim on the date of such distribution. The Debtor may seek an order of the Bankruptcy Court estimating or limiting the amount of Cash or property that must be deposited in respect of any such disputed Claims. Cash held in reserve for disputed Claims will be held in trust for the benefit of the holders of such Claims.

Within 15 days after the entry of a Final Order resolving an objection to a Disputed Claim, the Disbursing Agent shall distribute all Cash or other property, including any interest, dividends or proceeds thereof, to which a holder is then entitled with respect to any formerly Disputed Claim that has become an Allowed Claim. To the extent practicable, the

Disbursing Agent shall hold such cash in a segregated account in accordance with section 345 of the Bankruptcy Code, and may invest any cash or other property segregated on account of a Disputed Claim, Disputed Interest, undeliverable distribution, or any proceeds thereof; however, the Disbursing Agent shall be under no obligation to so invest such Cash or proceeds and shall have no liability to any party for any investment made or any omission to invest such Cash, other property or proceeds. Any segregated amounts remaining after all Disputed Claims have been resolved will be retained by Debtor.

COMPLIANCE WITH TAX REQUIREMENTS

In connection with the Plan, the Disbursing Agent shall comply with all withholding and reporting requirements imposed by federal, state and local taxing authorities and distributions under the Plan shall be subject to such withholding and reporting requirements provided, however, that the transfer of any Cash, property or other interest under the Plan shall not be subject to any federal, state or local tax to the fullest extent provided under section 1146 of the Bankruptcy Code.

EFFECTIVE DATE

The Effective Date of the Plan shall be the first Business Day that is 10 business days after the Confirmation Order becomes a final order.

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Unless specifically assumed, on the Effective Date, except as provided herein, or by a separate motion, all Executory Contracts and Unexpired Leases to which Debtor is a party, if any, shall be deemed rejected by the Debtor.

Assumption Cure Payments. Except as otherwise agreed to by the parties, on the Effective Date, the Debtor shall cure any and all undisputed defaults under any Executory Contract or Unexpired Lease that is assumed pursuant to the Plan in accordance with Section 365 of the Bankruptcy Code. Unless the parties to the contract or lease agree otherwise, all disputed defaults that are required to be cured shall be cured by the later to occur of (i) ten (10) days after the entry of a Final Order determining the amount, if any, of the Debtor's liability with respect thereto and (ii) the Effective Date.

Rejection Claims. Allowed Claims arising from the rejection of any Executory Contract or Unexpired Lease shall be treated as Unsecured Claims.

A Proof of Claim with respect to any Unsecured Claim for damages arising from the rejection of an Executory Contract or Unexpired Lease pursuant to the Plan shall not be timely filed unless it is filed with the Bankruptcy Court and served so that it is received by the Disbursing Agent not later than 30 days after the earlier of (i) the date of entry of a Final Order approving such

rejection (unless such Final Order expressly provides a Bar Date with respect to such Claim, in which event no Proof of Claim with respect to such Claim shall be deemed timely unless it is filed with the Bankruptcy Court and served in the manner provided in such Final Order), or (ii) the Effective Date. Any such Proof of Claim not timely filed and served shall be forever barred from assertion and may not be enforced against the property of the Estate, the Debtor, or their successors or their respective properties.

IMPLEMENTATION OF THE PLAN

Implementation. The Plan shall be implemented by the distribution of the Sale Proceeds and any Cash on hand. The Confirmation Order shall contain appropriate provisions, consistent with section 1142 of the Bankruptcy Code, directing the Debtor and any other necessary party to execute or deliver or to join in the execution or delivery of any instrument required to effect a transfer of equity of the Debtor required by the Plan and to perform any act, including the satisfaction of any lien, that is necessary for the consummation of the Plan.

Plan Funding. Funding for the Plan shall be from the Sale Proceeds and the Debtor's Available Cash on hand on the Confirmation Date.

Vesting of Assets. Except as otherwise provided in the Plan, on the Effective Date, (i) no assets shall vest in the Debtor, and (ii) any and all Liens, Claims and encumbrances that have not been expressly preserved under the Plan shall be deemed extinguished as of such date. Following the Effective Date, the Debtor may dispose of the property of the Estate (including abandoning such property) and may settle and compromise any objections to claim in accordance with the provisions of the Bankruptcy Code and the Bankruptcy Rules.

Execution of Documents. (a) On the Effective Date, the Debtor, and any necessary party thereto, shall execute, release and deliver all documents reasonably necessary to consummate the transactions contemplated by the terms and conditions of the Plan.

(b) Pursuant to sections 105, 1141(c) and 1142(b) of the Bankruptcy Code, the Debtor shall be authorized to execute, in the name of any necessary party any estoppel certificate, or any notice of satisfaction, release or discharge of any Lien, Claim or encumbrance (including, any Lien, Claim or encumbrance that is to be released and satisfied upon the Debtor's compliance with the provisions of article 4 of the Plan) not expressly preserved in the Plan and deliver such notices to any and all federal, state and local governmental agencies or departments for filing and recordation, and the Confirmation Order shall expressly so provide.

Filing of Documents. Pursuant to sections 105, 1141(c) and 1142(b) of the Bankruptcy Code, each and every federal, state and local governmental agency or department, shall be directed to accept and record any and all documents and instruments necessary, useful or appropriate to effectuate, implement and consummate the transactions contemplated by the Plan, and any and all notices of satisfaction, release or discharge or assignment of any Lien, Claim or encumbrance not expressly preserved by the Plan.

Distributions. Except as set forth elsewhere in the Plan, and except for payments to be made at the Closing, all payments required to be made under the Plan shall be made by the Disbursing Agent for disbursement in accordance with the terms of the Plan.

Preservation of Rights of Action. The Debtor will be liquidated. The Debtor does not intend to pursue any affirmative claims, rights or causes of action that it may have, including any claims against the Debtor's principals because the Debtor determined (after consultation with its financial advisor) that any claims that may exist are exceeded by the amounts of money that are owed to the Debtor's principals. Moreover, the Debtor's principals' claims against the Debtor are being subordinated and they will not receive a distribution on account of their Class 4 Subordinated Insider Claims. Furthermore, pursuant to the settlement agreement with Roberts, the Debtor has not preserved any claims, rights or causes of action against Roberts.

Notwithstanding any provision of the Plan to the contrary, definitions and descriptions contained herein respecting pre-Petition Date documents, agreements or claims are provided solely for the purpose of identification and classification thereof and do not constitute an admission by the Debtor of the existence, validity, allowance, or amount of any such claim, document or agreement. The Debtor expressly reserves the right to challenge the existence, validity, allowance, or amount of any such claim, document or agreement.

TRANSFER TAXES

To the extent the closing on the sale of the Apartment occurs subsequent to entry of the Confirmation Order, pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of any security and the making or delivery of any instrument of transfer in connection with or in furtherance of the Plan, shall not be subject to tax under any law imposing a stamp tax, real estate Transfer Tax, mortgage recording tax or similar tax, including any such taxes due on the sale or transfer of the Property and to the extent provided by 1146(a), if any, shall not be subject to any state, local or federal law imposing such tax.

Pursuant to section 1142(b) of the Bankruptcy Code, the Confirmation Order shall direct the appropriate recording office(s) to record any recordable document executed in connection with the consummation of the Plan, without the payment of Transfer Taxes. The appropriate recording office in the State of New York or its municipalities and counties shall record any recordable document executed in connection therewith without the payment of any Transfer Taxes.

POST-CONFIRMATION MANAGEMENT AND COMPENSATION. The Debtor will be liquidated and there will be no post-confirmation management of the Debtor (except to the extent that the Debtor's Chief Restructuring Officer will be needed to liquidate the Debtor).

DISSOLUTION OF CORPORATE EXISTENCE. After the Case has been closed, the Debtor shall be dissolved and shall have no continuing corporate existence, subject only to the Debtor's Plan imposed obligations to satisfy the Allowed Claims against the Debtor's Estate. To the extent permitted by law, the dissolution of the Debtor shall not abate or suspend a proceeding commenced by the dissolving Debtor by reason of the dissolution, and the Debtor shall nevertheless be deemed a continued corporate body as necessary for the sole purpose of winding up its affairs, including the prosecution of any proceedings (including claims objections). Upon the final payment and satisfaction of the last of such Plan imposed obligations, the Debtor (A) shall be dissolved and withdrawn its business operations from any state in which it was previously conducting, or is registered or licensed to conduct, its business operations, and shall not be required to file any document, pay any sum or take any other action in order to effectuate such dissolution and withdrawal; (B) shall be deemed to have all of its Interests cancelled pursuant to the Plan; and (C) shall not be liable in any manner to any taxing authority for franchise, business, license or similar taxes that otherwise would have accrued on or after the Effective Date, all without the necessity for any other or further actions to be taken on behalf of such Debtor; provided, however, that the Debtor may, if it so elects, and any officer of the Debtor (including the Debtor's Chief Restructuring Officer) shall be an authorized signatory for such purposes, prepare and file all corporate resolutions, statements, notices, tax returns, or certificates of dissolution, prosecute any objections to claims and dispose of the Debtor's assets pursuant to the Plan.

MISCELLANEOUS PROVISIONS

MODIFICATION AND REVOCATION OF THE PLAN

The Plan may be altered, amended or modified by the Debtor, at any time before the substantial consummation of the Plan, as provided in sections 1101(a) and 1127 of the Bankruptcy Code and Bankruptcy Rule 3019. Section 1127 of the Bankruptcy Code authorizes the proponent of a plan of reorganization to modify such plan at any time prior to confirmation of the plan so long as the plan, as modified, continues to meet certain technical requirements of sections 1122 and 1123 of the Bankruptcy Code with respect to the classification of Claims and Interests and the contents of a plan. Prior to Confirmation, if a proponent files modifications to a plan, pursuant to section 1127(a) "the plan as modified becomes the plan." No order of the Court is required to modify the Plan under the terms of section 1127(a); however, the proponent of a modification to a plan must comply with section 1125 of the Bankruptcy Code with respect to the plan as modified. In other words, if a modification materially alters the treatment of any Creditor who has accepted the Plan, the Debtor will be required to make additional disclosures to those Creditors whose treatment has been materially and adversely altered and give such Creditors an opportunity to change their votes.

The Debtor may revoke or withdraw the Plan at any time prior to entry of the Confirmation Order. If the Debtor revokes or withdraws the Plan, or if no Confirmation Order is entered, the Plan shall be null and void, and nothing contained in the Plan shall (i) constitute a waiver or release of any Claims by or against or any interest in, the Debtor; or (ii) prejudice in

any manner the rights of the Debtor in any further proceedings involving the Debtor or any other party, or its Estate.

RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order or the occurrence of the Effective Date, until the Case is closed, the Bankruptcy Court shall retain and have original, but not exclusive, jurisdiction to:

i) Insure that the Plan is consummated, and to enter any Order pursuant to section 1142(b) of the Bankruptcy Code, to compel the Debtor, the Interest Holders and any other necessary party, to take such action and execute such documents to effectuate the Plan;

ii) Consider any modification of the Plan proposed pursuant to section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019;

iii) Allow, disallow, determine, liquidate, classify or establish the priority, secured or unsecured status of any Claim or Interest, including, without limitation, the resolution of any request for payment of any Administrative Expense, the resolution of any and all objections to the allowance or priority of Claims or Interests, and the resolution of any adversary proceeding;

iv) Grant or deny any and all applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan, for any period ending on or before the Effective Date;

v) Resolve any motions pending on the Effective Date to assume, assume and assign or reject any Executory Contract or Unexpired Lease to which the Debtor is a party or with respect to which the Debtor may be liable and to hear, determine and if necessary, liquidate, any and all Claims arising therefrom;

vi) Ensure that distributions to Holders of Allowed Claims and Allowed Interests are accomplished in accordance with the provisions of this Plan;

vii) Decide or otherwise resolve any and all applications, motions, adversary proceedings, contested or litigated matters, and any other matters or grant or deny any applications involving the Debtor that may be pending on the Effective Date;

viii) Enter such Orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases and other agreements or documents created in connection with the Plan or Disclosure Statement or to enforce all orders, judgments, injunctions, and rulings entered in connection with the Case, including, but not limited to any Order necessary to enforce the provisions of article 7 of the Plan;

ix) Resolve any and all controversies, suits or issues that may arise in connection with the consummation, interpretation or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

x) Modify the Plan before or after the Effective Date pursuant to section 1127 of the Bankruptcy Code, or to modify the Disclosure Statement or any contract, instrument, release or other agreement or document created in connection with the Plan or Disclosure Statement;

xi) Remedy any defect or omission or reconcile any inconsistency in any Order, the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created in connection with the Plan, to the extent authorized herein or in the Bankruptcy Code;

xii) Issue any injunctions, enter and implement other Orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with consummation or enforcement of the Plan;

xiii) Enter and implement such Orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;

xiv) Determine any dispute arising under or related to the Plan, including, without limitation, any dispute concerning the scope or effect of any release or discharge provided for by the Plan or the Confirmation Order;

xv) Determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document created in connection with the Plan or Disclosure Statement; and

xvi) Enter an Order or Final Decree concluding the Case.

RISK FACTORS

Although the Debtor believes that he will be able to meet all of the obligations that he is undertaking pursuant to the Plan there can be no assurance that the Plan will be confirmed. Each Creditor and their respective advisors should consider the following factors (and other risks considered elsewhere in this Disclosure Statement).

A distribution to Holders of Class 3 Unsecured Claims is predicated on the Debtor's successful objection to the claim of HMRC. See footnote 4 of this Disclosure Statement for more information regarding the risk relating to the objection to the claim of HMRC.

CONFIRMATION OF THE PLAN

All distributions to Creditors are contingent on the Plan being confirmed by this Court. Otherwise, the Debtor is not obligated, in any way, to make the payments required hereunder.

VOTING INSTRUCTIONS

A Creditor who is entitled to vote may accept or reject the Plan by executing and returning to the Balloting Agent (as defined below) the ballot (a "Ballot") that was sent out with this Disclosure Statement. The following instructions govern the time and manner for filing Ballots accepting or rejecting the Plan, withdrawing or revoking a previously filed acceptance or rejection, who may file a Ballot, and procedures for determining the validity or invalidity of any Ballot received by the Balloting Agent.

DEADLINE FOR RECEIPT OF BALLOTS

The solicitation period for votes accepting or rejecting the Plan will expire at 5:00 p.m., Eastern Standard Time, [], 2015 (the "Voting Deadline"). A Ballot accepting or rejecting the Plan must be received no later than that date and time or it will not be counted in connection with the Confirmation of the Plan or any modification thereof.

BALLOTING AGENT

All votes to accept or reject the Plan must be cast by using the Ballot. Executed Ballots should be returned by [], 2015 at 5:00 p.m. to:

Robinson Brog Leinwand Greene Genovese & Gluck P.C.
875 Third Avenue, 9th Floor
New York, New York 10022
Attention: Steven Eichel, Esq.

(the "Balloting Agent"). A Creditor entitled to vote who has not received a Ballot, or who's Ballot has been lost, stolen or destroyed, may contact the Balloting Agent at the address indicated above, or call Steven Eichel at (212) 603-6345 to receive a replacement Ballot.

WHO MAY VOTE - IN GENERAL

There are no Priority Non-Tax Claims in Class 1. Class 2 is impaired and the Holder of the Class 2 Roberts Secured Claim is entitled to vote on the Plan. Class 3 is impaired and the Holders of the Class 3 Unsecured Claims are entitled to vote on the Plan. Class 4 is impaired and the Holders of Class 4 Subordinated Insider Claims are deemed to reject the Plan. Class 5 is impaired and the Holders of Class 5 Interests are deemed to reject the Plan.

Ballots Executed in a Representative or Fiduciary Capacity. Ballots executed by the Debtor, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, must indicate the capacity in which such person executed the Ballot and, unless otherwise determined by the Debtor, must submit proper evidence satisfactory to the Debtor of their authority to so act.

Voting Multiple Claims. A single form of ballot is provided for each Class of Claims. Any Person who holds Claims in more than one Class is required to vote separately with respect to each Class in which such Person holds Claims. However, any Person who holds more than one Claim in one particular Class will be deemed to hold only a single Claim in such Class in the aggregate amount of all Allowed Claims in such Class held by such Person. Thus, each Person need complete only one ballot for each Class.

DEFECTS OR IRREGULARITIES

ANY EXECUTED AND TIMELY FILED BALLOT WHICH DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN SHALL NOT BE COUNTED. TO THE EXTENT THE DEBTOR RECEIVES A BALLOT THAT DOES NOT INDICATE AN ACCEPTANCE OR REJECTION, DEBTOR'S COUNSEL SHALL REACH OUT TO SUCH VOTING CREDITOR OR INTEREST HOLDER TO ASCERTAIN WHETHER THE BALLOT WAS INTENDED TO ACCEPT OR REJECT THE PLAN.

Where more than one timely and properly completed Ballot is received, the Ballot which bears the latest date will be counted.

The Debtor reserves the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured prior to the deadline for filing timely Ballots. Neither the Debtor, the Balloting Agent, nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots, nor will any of them incur any liability for failure to provide such notification. All questions as to the validity, form, eligibility (including the time of receipt), acceptance and revocation or withdrawal of Ballots will be determined by the Bankruptcy Court, upon motion and upon such notice and hearing as is appropriate under the circumstances. Unless otherwise directed by the Bankruptcy Court, delivery of Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots as to which any irregularities have not been cured or waived will not be counted toward the acceptance or rejection of the Plan.

REVOCATION OF PREVIOUSLY FILED ACCEPTANCES OR REJECTIONS

Any Creditor who has delivered a valid Ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Balloting Agent at any time prior to the Voting Deadline.

A notice of withdrawal, to be valid, must (i) describe the Claim, as the case may be, if appropriate, represented by such Claim, (ii) be signed by the Creditor in the same manner as the Ballot was signed and (iii) be received by the Balloting Agent on or before the Voting Deadline. The Debtor reserves the absolute right to contest the validity of any such withdrawals of Ballots.

ACCEPTANCE AND CONFIRMATION

CONFIRMATION HEARING

The Bankruptcy Code requires that the Bankruptcy Court, after notice, hold a hearing to consider confirmation of the Plan. The Confirmation Hearing is scheduled to commence on August 28, 2015 at 10:00 a.m. in the United States Bankruptcy Court, Southern District of New York, 300 Quarropas Street, White Plains, New York. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the Confirmation Hearing.

Any party in interest may object to Confirmation of the Plan by filing a written objection, setting forth their identity and standing and the facts and authorities upon which any objection is based, in the Office of the Clerk of the Bankruptcy Court, no later _____, 2015, and by delivering a courtesy copy to the Chambers of the presiding judge. Copies of all objections must also be served so that they are received, as required by the Court upon (i) Robinson Brog Leinwand Greene Genovese & Gluck P.C., 875 Third Avenue, 9th Fl., New York, New York 10022, Attn.: A. Mitchell Greene, Esq., and (ii) the Office of the United States Trustee, 201 Varick Street, Suite 1006, New York, New York 10014. Any objection that is not timely filed and served as required by any order of this Court, will not be considered by this Court at the Confirmation Hearing.

REQUIREMENTS FOR CONFIRMATION

At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of section 1129 of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court will enter an order confirming the Plan. These requirements include determinations by the Bankruptcy Court that: (i) the Plan has classified Claims in a permissible manner, (ii) the contents of the Plan comply with various technical requirements of the Bankruptcy Code, (iii) the Debtor has proposed the Plan in good faith, (iv) the Debtor has made disclosures concerning the Plan that are adequate and include information concerning all payments made or promised in connection with the Plan and the Case, (v) the Plan is in the “best

interest” of all Creditors, (vi) the Plan is feasible, and (vii) the Plan has been accepted by the requisite number and amount of Creditors in each Class entitled to vote on the Plan, or that the Plan may be confirmed without such acceptances. The Debtor believes that all of these conditions have been or will be met prior to the Confirmation Hearing.

Best Interest Test. The so-called “best interest” test requires that each impaired Creditor and impaired Interest Holder either (a) accepts the Plan or (b) receives or retains under the Plan property of a value, as of the Effective Date of the Plan, that is not less than the value such entity would receive or retain if the Debtor was to be liquidated under Chapter 7 of the Bankruptcy Code.

To determine what the holders in each Impaired Class of Claims or Interest would receive if the Debtor were liquidated under Chapter 7, the Bankruptcy Court must determine the dollar amount that would be generated from the liquidation of the Debtor’s assets and properties in a Chapter 7 liquidation case. The amount that would be available for satisfaction of Allowed Claims against the Debtor would consist of the proceeds resulting from the disposition of the Debtors’ assets, augmented by the cash held by the Debtor at the commencement of the Chapter 7 case. Such amount would be reduced by the amount of any Claim or Claims secured by the Debtors’ assets, the costs and expenses of the liquidation, and such additional Administrative Claims and Priority Claims that may have accrued. Such value is then juxtaposed against the amount creditors are receiving under the Plan to determine if the value each impaired creditor is receiving is the same or more than such creditor would receive from a Chapter 7 liquidation on the Confirmation Date. In making the comparison as to what the Creditors and Interest Holders are receiving under the Plan and in a Chapter 7 liquidation, there would not be any payment by Debtors in a Chapter 7 liquidation.

The costs of liquidation under Chapter 7 would become Administrative Claims with the highest priority against the proceeds of liquidation. Such costs would include the fees payable to a Chapter 7 Trustee, as well as those which might be payable to attorneys, financial advisors, appraisers, accountants and other professionals that such a Trustee may engage to assist in the liquidation. In addition, Chapter 7 costs would include any liabilities incurred or assumed pursuant to the transactions necessary to effectuate the liquidation.

After satisfying Administrative Claims arising in the course of the Chapter 7 liquidation, the proceeds of the liquidation would then be payable to satisfy any unpaid expenses incurred during the time the Case was pending under chapter 11, including compensation for the Debtors’ attorneys, financial advisors, appraisers, accountants and other professionals whose retention was approved by the Court.

After consideration of the effects that a Chapter 7 liquidation would have on the proceeds available for distribution including (i) the increased costs and expenses of a Chapter 7 liquidation arising from fees payable to a Trustee in bankruptcy and professional advisors to such Trustee and (ii) the erosion in value of the Debtors’ assets in a Chapter 7 case in the context of the expeditious liquidation required under Chapter 7 and the “forced sale” atmosphere that would

prevail, and (iii) an increase in the aggregate amount of Unsecured Claims due to the uncertainty surrounding the Roberts Claim, Creditors will receive more under the Plan than in a Chapter 7 liquidation. The Debtor has entered the Roberts Claim Settlement Agreement with Roberts that fixes his claim at \$1.3 million. In a Chapter 7 liquidation, to the extent the Roberts Claim Settlement Agreement is not timely consummated and becomes void, the Debtor believes that there is significant uncertainty with respect to the ultimate allowed amount of the Roberts Claim. Additionally, it is not certain if the Chapter 7 trustee would be able to reach the same settlement with Roberts as the Debtor did. Additionally, there would be increased costs for the Chapter 7 trustee to either litigate the Roberts Claim or settle the Roberts Claim. Accordingly, as set forth in more detail below, the Debtor believes that Holders of Class 3 Unsecured Claims would receive a lesser distribution on account of their claims if the Debtor were to liquidate under Chapter 7.

Liquidation Analysis. The Debtor has concluded that the Plan provides to each Creditor a recovery with a present value at least equal to the present value of the distribution which such person would receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code. The Plan provides for payment of (i) all allowed Administrative and Priority Tax Claims (ii) the Class 2 Roberts Secured Claim in accordance with a court approved Roberts Claim Settlement Agreement, and (iii) the Debtor's Allowed Class 3 Unsecured Claims based on their pro rata share of the Debtor's remaining assets.

The Debtor believes that in the event its assets were sold in a Chapter 7 liquidation, all of the proceeds would go to pay priority tax claims, Chapter 7 administrative claims, bankruptcy fees, and chapter 11 administrative claims. Any remaining assets to be shared pro rata amongst an increased pool of Class 3 Unsecured Creditors as described above. As such, the Debtor believes that no Creditor would receive a distribution in a Chapter 7 case greater than the distribution they would receive under the Plan.

The Debtor further believes that the net effect of a conversion of this case to Chapter 7 would be to (i) increase the administrative expenses of the estate and (ii) decrease the funds available for non-administrative creditors.

The liquidation values stated herein assume that all assets of the Debtor would be liquidated in the context of a Chapter 7 case and assumes the present values of such liquidation values as of July 1, 2015. The assumptions utilized in the analysis considered the estimated liquidation value of the assets and estimated amount of Claims that would be allowed, together with an estimate of certain administrative costs and other expenses which would likely result during the liquidation process. While the Debtor believes the assumptions underlying the liquidation analysis are reasonable, the validity of such assumptions may be affected by the occurrence of events, and the existence of conditions not now contemplated or by other factors, many of which will be beyond the control of the Bankruptcy Court, the Debtor and any trustee appointed for the Debtor. The actual liquidation value of the Debtor may vary from that considered herein and the variations may be material.

The Debtor has assumed that the Property would be sold within six months in a Chapter 7 liquidation. It is assumed that gross cash proceeds from liquidating the Apartment, the Debtor's most significant asset, would total approximately \$2,775,000 (which is 75% of the estimated value of the Property) taking into account the negative impact on values attributed to the Chapter 7 process. It is assumed that net cash proceeds, after payment of assessments and other costs of sale, would be approximately \$2,475,000.¹⁰

The Debtor believes that the total cash which would be administered in a hypothetical Chapter 7 case would aggregate approximately \$2,506,083, which includes Available Cash in the amount of \$31,083.

Upon consultation with its advisors, the Debtor assumes for the purposes of this analysis that the cash would be distributed as follows:

Available for distribution	\$2,506,083
To the payment of:	
Chapter 7 Administrative Claims ¹¹ :	
Chapter 7 trustee commissions and expenses	\$98,432
Chapter 7 trustee's professionals (attorneys, appraisers, auctioneers accountants, etc.)	\$301,568

¹⁰ Without a confirmed Plan that incorporates the settlement of the Roberts Claim, there would still be a dispute as to the ownership of the Apartment. In the event that the Debtor lost that dispute, there would be no funds available to the Debtor's estate to pay any unsecured creditors. The remaining \$31,083 would be used by the Chapter 7 Trustee to pay administrative claims.

¹¹ The total estimate for Chapter 7 Trustee Claims is \$400,000.

Chapter 7 NYS and NYC Transfer Taxes on sale of apartment ¹²	\$50,643.75
Chapter 11 Administrative Claims	\$1,600,000 ¹³
Priority Tax Claims	\$17,087 ¹⁴
Class 1 – Priority Non-Tax Claims	\$0.00
Class 2 – Roberts Secured Claim	\$1,250,000 ¹⁵
Class 3 – Unsecured Claims	\$8,678,487 ¹⁶
Class 4 – Subordinated Insider Claims	\$0.00

In a liquidation, the amount paid to holders of Unsecured Claims would be approximately 0.0 cents on the dollar. In contrast, under the proposed plan, the holder of Class 3 Unsecured Claims would receive approximately 6 cents on the dollar.¹⁷ Accordingly, the Holders of Class 3 Unsecured Claims would receive a greater distribution under the proposed plan than in a Chapter 7 liquidation.¹⁸

Accordingly, the Debtor believes that the Plan provides Creditors with at least as much as they would be entitled to receive in a Chapter 7 liquidation.

¹² The transfer tax of \$50,643.75 is calculated as the gross sales price, \$2,775,000, multiplied by 1.425% for New York City, \$39,543.75, and by .4% for New York State, \$11,100. In the event the Property sells at full value, the transfer tax of \$67,525 is calculated as the gross sales price, \$3,700,000, multiplied by 1.425% for New York City, \$52,725, and by .4% for New York State, \$14,800.

¹³ The approximate administrative expenses includes accrued professional fees estimated through June 30, 2015, the DIP financing with interest through June 30th and US Trustee and other administrative expenses.

¹⁴ The estimated amount of priority tax claims assumes that the Trustee would successfully object to the claims of the IRS and HMRC. See footnote 4 for additional information regarding the objection to these claims.

¹⁵ The Debtor assumes that under a Chapter 7 liquidation the approved settlement with Roberts with respect to his filed proof of claim will survive. As such he will retain his secured claim of \$1,300,000 and the requirement to fund \$50,000 for NYS/NYC transfer taxes incurred resulting in the net claim of \$1,250,000.

¹⁶ The Debtor assumes that in a Chapter 7 liquidation, the Chapter 7 trustee would move to subordinate the same insider claims. If unsuccessful, the amount of the Unsecured Claims would increase by an additional \$14,427,471.

¹⁷ If the Apartment sold in the full amount of \$3.7 million (less expenses for a net of \$3.4 million), the Holders of Class 3 Unsecured Claims would receive the same 0.0 cents on the dollar, which is less than the 6 cents on the dollar they are expected to receive under the Plan.

¹⁸ The 6 cents on the dollar was calculated based upon the Apartment selling for full value less assessments and costs, resulting in net proceeds of \$3,400,000, and the settlement agreement with Roberts being approved. All allowed administrative claims and priority tax claims would be paid in full. After subordinating the claims of Imed, Sophien and Hazam Bennaceur, the unsecured creditors, holding claims in the amount of \$8,678,487, would share \$519,633, which equals approximately 6 cents on the dollar.

Feasibility. For the Plan to be confirmed, it must be demonstrated that consummation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor unless such liquidation is set forth in the Plan. The Plan contemplates that the Debtor will distribute the Sale Proceeds and any other remaining Cash on hand, to fund payments under the Plan. Accordingly, the Debtor submits that the Plan is feasible.

Confirmation With the Acceptance of Each Impaired Class. The Plan may be confirmed if each impaired Class of Claims or Interests accepts the Plan.

The Holder of the Class 2 Roberts Secured Claim and Holders of Class 3 General Unsecured Claims are impaired by the Plan and are entitled to file Ballots accepting or rejecting the Plan. Holders of Subordinated Insider Claims in Class 4 and Holders of Interests in Class 5 are deemed to reject the Plan and are not entitled to vote on the Plan.

The Bankruptcy Code defines acceptance of a plan by a Class of Claims as acceptance by the holders of two-thirds in dollar amount and a majority in number of Claims of that Class. Only those Claims, the holders of which actually vote to accept or reject the Plan, are counted for the purpose of determining whether the requisite number and amount of acceptances have been received.

The Bankruptcy Code defines acceptance of a plan by a Class of Interests as acceptance by the holders of at least two-thirds in dollar amount of the allowed interests of such class held by holders of such interests that have accepted or rejected the plan.

Confirmation Without the Acceptance of Each Impaired Class. In the event that any impaired Class does not accept the Plan, the Bankruptcy Court may nevertheless confirm the Plan at the Debtor's request if (i) all other requirements of section 1129(a) of the Bankruptcy Code are satisfied, (ii) at least one impaired Class of Claims votes to accept the Plan without regard to any vote cast on account of a Claim held by "insiders" (as defined in the Bankruptcy Code) and (iii) as to each impaired Class which has not accepted the Plan, the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such non-accepting Class.

The only Classes that are entitled to vote are Classes 2 and 3. The Debtor believes that the Plan is in the best interest of all Creditors and Interest Holders and strongly recommends that all parties entitled to vote (i.e. Classes 2 and 3) cast their ballots in favor of accepting the Plan. Nevertheless, out of an excess of caution, pursuant to the Plan, the Debtor has requested that the Court confirm the Plan over the rejection of any non-accepting class in the event all other elements of section 1129(a) are satisfied.

No Unfair Discrimination. The "No Unfair Discrimination" test applies to classes of claims or equity interests that are of equal priority and are receiving different treatment under a plan. The test does not require that the treatment be the same or equivalent, but that the

treatment is “fair.” The Debtor believes that the Plan does not discriminate unfairly with respect to the Holders of Class 4 Subordinated Insider Claims and Holders of Interests in Class 5 because there is no other class of equal priority receiving a different treatment.

Fair and Equitable. With respect to Unsecured Claims, the absolute priority rule allows the confirmation of a Plan over the rejection of a class of Unsecured Claims if the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the Plan on account of such junior claim or interest any property. Under the Plan, Class 4 Subordinated Insider Claims and Class 5 Interests will not receive or retain any property under the Plan on account of their respective Claims and Interests.

If the Plan is rejected by Class 2 or 3, the Debtor requests that the Plan be confirmed under section 1129(b).

EFFECT OF CONFIRMATION

INJUNCTION

Except (i) as otherwise provided in the Plan or (ii) in any Final Order entered by the Bankruptcy Court, and so long as all payments have been made under the Plan, all persons who have held, hold, or may hold Claims against the Debtor that arose before or were held as of the Effective Date, are permanently enjoined, on and after the Effective Date, from the commencement or continuation of any action, the employment of process, from taking any act to collect, enforce, attach, recover or offset against such claim and taking any act to create, perfect or enforce any lien or encumbrance against property of the Estate retained by the Debtor or distributed to Creditors under the Plan.

LIMITATION OF LIABILITY

Neither the Debtor, nor any professional person, including the Debtor’s Chief Restructuring Officer, employed by any of them (the “Released Parties”), shall have or incur any liability to any entity for any action taken or omitted to be taken in connection with or related to the formulation, preparation, dissemination, Confirmation or consummation of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into, or any other action taken or omitted to be taken in connection with this Case or the Plan, except in the case of fraud, gross negligence, willful misconduct, malpractice, breach of fiduciary duty, criminal conduct, unauthorized use of confidential information that causes damages, or ultra vires acts. Nothing in Article 8.2 of the Plan shall limit the liability of the Debtor’s professionals pursuant to Rule 1.8(h)(1) of the New York State Rules of Professional Conduct. From and after the Effective Date, a copy of the Confirmation Order and the Plan shall constitute, and may be submitted as, a complete defense to any claim or liability released pursuant to Article 8 of the Plan.

EXCEPTION FOR THE UNITED STATES

As to the United States of America, its agencies, departments, or agents (collectively, the "United States"), nothing in the Plan or Confirmation Order shall limit or expand the scope of discharge, release or injunction to which the Debtor is entitled to under the Bankruptcy Code, if any. The release and injunction provisions contained in the Plan and Confirmation Order are not intended and shall not be construed to bar the United States from, subsequent to the Confirmation Order, pursuing any police or regulatory action.

Accordingly, notwithstanding anything contained in the Plan or Confirmation Order to the contrary, nothing in the Plan or Confirmation Order shall discharge, release, impair or otherwise preclude: (1) any liability to the United States that is not a "claim" within the meaning of section 101(5) of the Bankruptcy Code; (2) any Claim of the United States arising on or after the Confirmation Date; (3) any valid right of setoff or recoupment of the United States against the Debtor; or (4) any liability of the Debtor under environmental law to any Governmental Unit (as defined by section 101(27) of the Bankruptcy Code) as the owner or operator of property that such entity owns or operates after the Confirmation Date. Nor shall anything in this Confirmation Order or the Plan: (i) enjoin or otherwise bar the United States or any Governmental Unit from asserting or enforcing, outside the Bankruptcy Court, any liability described in the preceding sentence; or (ii) divest any court, commission, or tribunal of jurisdiction to determine whether any liabilities asserted by the United States or any Governmental Unit are discharged or otherwise barred by this Confirmation Order, the Plan, or the Bankruptcy Code.

Moreover, nothing in the Confirmation Order or the Plan shall release or exculpate any non-debtor, including any Released Parties, from any liability to the United States, including but not limited to any liabilities arising under the Internal Revenue Code, the environmental laws, or the criminal laws against the Released Parties, nor shall anything in this Confirmation Order or the Plan enjoin the United States from bringing any claim, suit, action or other proceeding against the Released Parties for any liability whatsoever.

Nothing contained in the Plan or Confirmation Order shall be deemed to determine the tax liability of any person or entity, including but not limited to the Debtor, nor shall the Plan or Confirmation Order be deemed to have determined the federal tax treatment of any item, distribution, or entity, including the federal tax consequences of this Plan, nor shall anything in this Plan or Confirmation Order be deemed to have conferred jurisdiction upon the Bankruptcy Court to make determinations as to federal tax liability and federal tax treatment except as provided under 11 U.S.C. section 505.

ALTERNATIVES TO THE PLAN

If the Plan is not confirmed by the Bankruptcy Court, the alternatives may include (a) liquidation of the Debtor under Chapter 7 of the Bankruptcy Code; (b) the formulation, promulgation and confirmation of an alternative plan; or (c) dismissal of the Debtor's case.

The Debtor believes that the Plan provides a recovery to all Creditors equal to or greater than would be obtainable in Chapter 7 liquidation. See Liquidation Analysis.

The Debtor believes that the Plan enables Creditors to realize the most value under the circumstances.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following summary of certain U.S. Federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon the particular circumstances pertaining to each holder of an Allowed Claim or Interest. Each holder of an Allowed Claim or Interest is urged to consult his own tax advisors. This summary does not cover all potential U.S. federal income tax consequences that could possible arise under the Plan and does not address the Plan's U.S. federal income tax consequences for any holder of an Allowed Claim or Interest that is a partnership (or other pass-through entity) or otherwise subject to special tax rules.

The Debtor has not requested any ruling from the Internal Revenue Service or any other taxing authority with respect to such matters nor will the Debtor, with respect to the federal income tax consequences of the Plan, obtain any opinion of counsel. Consequently, there can be no assurance that the treatment set forth in the following discussion will be accepted by the IRS. The Debtor offers no statements or opinions that are to be relied upon by the creditors as to the treatment of creditors' claims under the Plan. Matters not discussed in this Disclosure Statement may affect the tax consequences of the Plan on any particular holder of a Claim or Interest.

This summary is based upon the laws in effect on the date of this Disclosure Statement and existing judicial and administrative interpretations thereof, all of which are subject to change, possibly with retroactive effect. Holders of Allowed Claims and Interests should consult their own tax advisors as to the Plan's specific federal, state, local and foreign income and other tax consequences.

The tax consequences to Creditors and Interest Holders will differ and will depend on factors specific to each Creditor and Interest Holder, including but not limited to: (i) whether the Claim or Interest (or portion thereof) constitutes a claim for principal or interest; (ii) the origin of the Claim or Interest; (iii) the type of consideration received by the Creditor or Interest Holder in exchange for the Claim; (iv) whether the Creditor or Interest Holder is a United States person or foreign person for tax purposes; (v) whether the Creditor or Interest

Holder reports income on the accrual or cash basis method; (vi) whether the Creditor or Interest Holder has taken a bad debt deduction or otherwise recognized loss with respect to a Claim.

THERE ARE MANY FACTORS WHICH WILL DETERMINE THE TAX CONSEQUENCES TO EACH CREDITOR AND INTEREST HOLDER. FURTHERMORE, THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX, AND IN SOME CASES, UNCERTAIN. THEREFORE IT IS IMPORTANT THAT EACH CREDITOR AND INTEREST HOLDER OBTAIN HIS, HER OR ITS OWN TAX ADVICE REGARDING THE TAX CONSEQUENCES TO SUCH CREDITOR AND INTEREST HOLDER AS A RESULT OF THE PLAN.

THE DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY CREDITOR AND INTEREST HOLDER FOR THE PURPOSE OF AVOIDING TAX PENALTIES THAT MAY BE IMPOSED ON A TAX PAYER. THE DISCUSSION HEREIN WAS WRITTEN TO SUPPORT THE TRANSACTIONS DESCRIBED IN THIS DISCLOSURE STATEMENT. EACH CREDITOR AND INTEREST HOLDER SHOULD SEEK ADVICE BASED UPON THE CREDITOR OR INTEREST HOLDER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

ADDITIONAL INFORMATION

Requests for information and additional copies of this Disclosure Statement, the Ballots and the other materials delivered together herewith and all deliveries, correspondence and questions, as the case may be, relating to the Plan should be directed to the Debtor's counsel, Robinson Brog Leinwand Greene Genovese & Gluck P.C., 875 Third Avenue, 9th Fl., New York, New York 10022, Attn.: A. Mitchell Greene, (212) 603-6300.

Copies of all pleadings, orders, lists, schedules, proofs of claims or other documents submitted in these cases are on file in the Office of the Clerk of the United States Bankruptcy Court at 300 Quarropas Street, White Plains, New York, and are available for public inspection Monday through Friday, between the hours of 9:00 a.m. and 4:00 p.m. and are also available for viewing on the Internet at <http://www.nysb.uscourts.gov>.

CONCLUSION

The Debtor believes the Plan is in the best interests of all Creditors and strongly encourages all holders of Claims against the Debtor to vote to accept the Plan and to evidence such acceptance by promptly returning their Ballots to ensure that they will be received not later than 5:00 p.m., Eastern Standard Time, on [], 2015.

DATED: New York, New York
July 28, 2015

**ROBINSON BROG LEINWAND GREENE
GENOVESE & GLUCK P.C.**

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By: S/ A. Mitchell Greene
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