

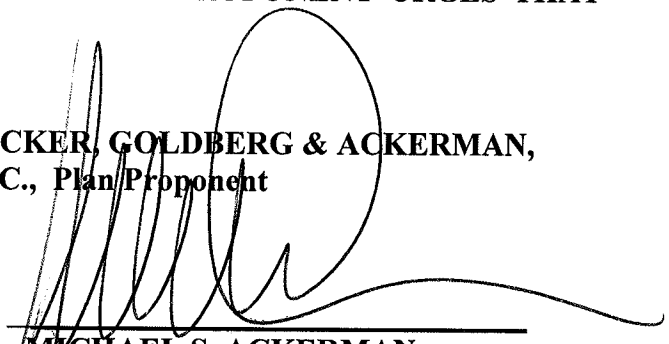
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| UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY | |
| Caption in Compliance with D.N.J. LBR 9004-2(c) WASSERMAN, JURISTA & STOLZ, P.C. 110 Allen Road, Suite 304 Basking Ridge, New Jersey 07920 Phone: (973) 467-2700 Fax: (973) 467-8126 DANIEL M. STOLZ, ESQ. (DS-1897) <i>Counsel to Zucker, Goldberg & Ackerman, LLC., Debtor and Debtor-in-Possession</i> | |
| In Re: | Judge: Christine M. Gravelle |
| ZUCKER, GOLDBERG & ACKERMAN, LLC., | Chapter: 11 |
| Debtor. | Case No.: 15-24585 (CMG) |

**FIRST AMENDED DISCLOSURE STATEMENT IN SUPPORT OF DEBTOR'S
PLAN OF ORDERLY LIQUIDATION**

PLEASE READ THIS DISCLOSURE STATEMENT CAREFULLY. THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THIS PLAN. THE PLAN PROPONENT BELIEVES THAT THIS PLAN PROVIDING FOR ORDERLY LIQUIDATION AND DISTRIBUTION OF ASSETS IS IN THE BEST INTEREST OF THE CREDITORS AND THAT THE PLAN IS FAIR AND EQUITABLE. THE PROPONENT URGES THAT THE VOTER ACCEPT THE PLAN.

**ZUCKER, GOLDBERG & ACKERMAN,
LLC., Plan Proponent**

By:


**MICHAEL S. ACKERMAN
MANAGING MEMBER**

Dated: January 14, 2016

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I. PREFATORY STATEMENT AND DEFINITIONS

Pursuant to Chapter 11 of title 11 of the United States Code, 11 U.S.C.:§§ 101, et seq. (the "Bankruptcy Code"), Zucker, Goldberg & Ackerman, LLC., (the "Debtor" or "ZGA") the Debtor and Debtor-in-Possession in the above-captioned case, hereby submits this Disclosure Statement (the "Disclosure Statement") in support of the Plan of Orderly Liquidation of the Debtor under Chapter 11 of the Bankruptcy Code (the "Plan"). The definitions contained in the Bankruptcy Code are incorporated herein by reference. The definitions set forth in Article I of the Plan shall also apply to capitalized terms used herein that are not otherwise defined.

II. INTRODUCTION AND OVERVIEW

A. Introduction

On August 3, 2015, the "Petition Date", the Debtor filed a Voluntary Petition for Relief under Chapter 11 of Title 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of New Jersey (the "Court"). No Trustee has been appointed and the Debtor has continued to operate its business and manage its assets as a debtor in possession, pursuant to Section 1107(a) and 1108 of the Bankruptcy Code. On August 17, 2015, the U.S. Trustee formed an Official Committee of Unsecured Creditors, the "Committee". The Committee has retained McCarter & English, LLC. as its counsel.

This Disclosure Statement, submitted in accordance with section 1125 of the Bankruptcy Code, contains information regarding the Plan proposed by the Debtor. A copy of the Plan accompanies this Disclosure Statement. The Disclosure Statement is being distributed to you for the purpose of enabling you to make an informed judgment about the Plan.

Pursuant to 11 U.S.C. 1123, a Plan of Reorganization under Chapter 11 may provide for the orderly liquidation of the Debtor's assets and distribution of the proceeds from the orderly liquidation to creditors. Such Plans of Reorganization are commonly referred to as "Plans of Orderly Liquidation". The within Plan of Orderly Liquidation provides for the wind down of ZGA's business, the collection of its accounts receivable and liquidation of its other assets, pursuit of any claims or causes of action held by the Debtor and distribution of the proceeds of these activities to creditors. The Debtor believes that this Plan of Orderly Liquidation will provide a larger distribution to creditors than a liquidation under Chapter 7, by a Chapter 7 Trustee.

The Disclosure Statement describes the Plan and contains information concerning, among other matters: (1) the history, business, results of operations, management, property and liabilities of and pending litigation of and against the Debtor; (2) the assets available for distribution under the Plan; and (3) a summary of the Plan. The Debtor strongly urges you to review carefully the contents of this Disclosure Statement and the Plan (including the exhibits to each) before making a decision to accept or reject the Plan. Particular attention should be paid to the provisions affecting or impairing your rights as a Creditor.

On or about _____, 2016, the Bankruptcy Court approved this Disclosure Statement as containing sufficient information to enable a hypothetical reasonable investor to make an informed judgment about the Plan. Under section 1125 of the Bankruptcy Code, this approval enabled the Debtor to send you this Disclosure Statement and solicit your acceptance of the Plan. The Bankruptcy Court has not passed on the Plan itself, which will be the subject of a confirmation hearing..

Your vote on the Plan is important. Absent acceptance of the Plan, there may be protracted delays or a, chapter 7 liquidation. These alternatives may not provide for distribution of as much value to Holders of Allowed Claims as does the Plan. Accordingly, the Debtor urges you to accept the Plan by completing and returning the enclosed ballot(s) no later than _____, 2016, at 4:00 p.m. Eastern Time.

B. Disclaimers

THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE DEBTOR'S PROPOSED PLAN. PLEASE READ THIS DOCUMENT WITH CARE. THE PURPOSE OF THE DISCLOSURE STATEMENT IS TO PROVIDE "ADEQUATE INFORMATION" OF A KIND, AND IN SUFFICIENT DETAIL, AS FAR AS IS REASONABLY PRACTICABLE, IN LIGHT OF THE NATURE AND HISTORY OF THE DEBTOR AND THE CONDITION OF THE DEBTOR'S BOOKS AND RECORDS, THAT WOULD ENABLE A HYPOTHETICAL REASONABLE INVESTOR TYPICAL OF HOLDERS OF CLAIMS OR INTERESTS OF THE RELEVANT CLASS TO-MAKE AN INFORMED JUDGMENT CONCERNING THE PLAN. SEE 11 U.S.C. § 1125(a).

FOR THE CONVENIENCE OF CREDITORS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN, BUT THE PLAN ITSELF QUALIFIES ANY SUMMARY. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING.

NO REPRESENTATIONS CONCERNING THE DEBTOR'S FINANCIAL CONDITION OR ANY ASPECT OF THE PLAN ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE OR REJECTION THAT ARE OTHER THAN AS CONTAINED IN OR INCLUDED WITH THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION.

THE FINANCIAL INFORMATION CONTAINED HEREIN, UNLESS OTHERWISE INDICATED, IS UNAUDITED. MOREOVER, BECAUSE OF THE DEBTOR'S FINANCIAL DIFFICULTIES, AS WELL AS THE COMPLEXITY OF THE DEBTOR'S FINANCIAL MATTERS, THE BOOKS AND RECORDS OF THE DEBTOR, UPON WHICH THIS DISCLOSURE STATEMENT IN PART IS BASED, MAY BE INCOMPLETE OR INACCURATE. HOWEVER, REASONABLE EFFORT HAS BEEN MADE TO ENSURE THAT ALL SUCH INFORMATION IS FAIRLY PRESENTED.

WASSERMAN, JURISTA & STOLZ, P.C. ("WJ&S") IS GENERAL INSOLVENCY COUNSEL TO THE DEBTOR. WJ&S HAS RELIED UPON INFORMATION PROVIDED BY THE DEBTOR IN CONNECTION WITH PREPARATION OF THIS DISCLOSURE STATEMENT. ALTHOUGH WJ&S HAS PERFORMED CERTAIN LIMITED DUE DILIGENCE IN CONNECTION WITH THE PREPARATION OF THIS DISCLOSURE STATEMENT, COUNSEL HAS NOT INDEPENDENTLY VERIFIED ALL OF THE INFORMATION CONTAINED HEREIN.

THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE. EACH CREDITOR OR INTEREST HOLDER SHOULD CONSULT HIS OR HER OWN LEGAL COUNSEL AND ACCOUNTANT AS TO LEGAL, TAX AND OTHER MATTERS CONCERNING HIS OR HER CLAIM.

C. An Overview of the Chapter 11 Process

Chapter 11 of the Bankruptcy Code contains numerous provisions, the general effect of which is to provide the debtor with "breathing space" within which to propose a restructuring of its obligations to third parties. The filing of a Chapter 11 bankruptcy petition creates a bankruptcy "estate" comprised of all of the property interests of the Debtor. Unless a trustee is appointed by the Bankruptcy Court for cause (no trustee has been appointed in the Chapter 11 Case), a Debtor remains in possession and control of all its assets as a "Debtor in Possession." The Debtor may continue to operate its business in the ordinary course on a day-to-day basis without Bankruptcy Court approval. Bankruptcy Court approval is only required for various enumerated kinds of transactions (such as certain financing transactions) and transactions out of the ordinary course of a Debtor's business. The filing of the bankruptcy petition gives rise to what is known as the "automatic stay" which, generally, enjoins creditors from taking any action to collect or recover obligations owed by a debtor prior to the commencement of a Chapter 11 case. The Bankruptcy Court can grant relief from the automatic stay under certain specified conditions or for cause.

The Bankruptcy Code authorizes the creation of one or more official committees to protect the interests of some or all creditors or interest holders. The fees and expenses of counsel and other professionals employed by such official committees and approved by the Bankruptcy Court are generally borne by a bankruptcy estate. One official committee, The Committee of Unsecured Creditors (the "Committee"), has been appointed in this Chapter 11 Case.

A Chapter 11 debtor emerges from bankruptcy by successfully confirming a plan of reorganization. Alternatively, the assets of a debtor may be sold and the proceeds distributed to creditors through a plan of orderly liquidation, such as the Plan submitted with this Disclosure Statement. A plan may be either consensual or non-consensual and provide, among other things, for the treatment of the claims of creditors and interests of shareholders and holders of options or warrants. The provisions of the Debtor's Plan are summarized below.

D. Plan Overview

The following is a brief overview of the material provisions of the Plan and is qualified in its entirety by reference to the full text of the Plan. The Plan is a plan of orderly liquidation and provides for the distribution of the proceeds from the Debtor's liquidation of its remaining assets (as discussed below).

The Plan provides for the classification and treatment of Claims against and Interests in the Debtor. The Plan designates three (3) Classes of Claims and one (1) Class of Interests. These Classes and Plan treatments take into account the differing nature and priority under the Bankruptcy Code of the various Claims and

Interests. Pursuant to the Plan, the Debtor will be would down and its assets liquidated by an Estate Representative. The Plan appoints Edward P. Bond, CPA as Estate Representative. Mr. Bond is an experienced bankruptcy professional, having served as Bankruptcy Trustee and Liquidating Trustee in many cases.

Administrative claims are not classified under the Plan. Administrative expense claims include all Allowed Claims for professional fees, incurred during the administration of the within Chapter 11 Bankruptcy Case, all unpaid expenses of operating the Debtor during this Bankruptcy Case and all other Allowed Claims under 11 U.S.C. 503. All Allowed Administrative Claims shall be paid in full either upon the Effective Date of the Plan, or on such other terms as shall be agreed between the Debtor, the Liquidating Trustee and the administrative creditor.

Summary of Classification and Treatment of Claims and Interests Under the Plan

CLASS ONE consists of creditors entitled to priority under Section 507 of the Bankruptcy Code. In this case, priority claims would include any priority claims of taxing authorities and any priority wage claims. The Debtor does not believe that there will be a significant amount of priority claims against the within Bankruptcy Estate. Priority Claims shall be paid in full, on the Effective Date of the Plan, or as agreed upon between the Debtor, the Liquidating Trustee and priority creditors.

CLASS TWO consists of the secured claim of JPMorgan Chase. The Debtor and JPMorgan Chase entered into a Final Cash Collateral Order pursuant to which the Debtor acknowledged the validity and extent of the JPMorgan Chase secured claim against the assets of the within Bankruptcy Estate. At the time of the filing of the Chapter 11 Petition,

the secured claim of JPMorgan Chase was in the approximate amount of \$2.8 million. During the course of the within Chapter 11 proceeding, the indebtedness to JPMorgan Chase has been substantially reduced. The Debtor had expected that the entire indebtedness to JPMorgan Chase would have been satisfied prior to the Effective Date of the Plan. The indebtedness has been reduced from approximately \$2.8 million to approximately \$500,000.00. Unfortunately, because of nonpayment by the Debtor's clients and other factors, it appears unlikely that the indebtedness due to Chase will be satisfied in full on or before the Effective Date. The Plan provides that Chase will be impaired under the Plan and the Debtor will continue to make payments pursuant to the Final Cash Collateral Order entered September 10, 2015 and amendments thereto, until the indebtedness of JPMorgan Chase, with all fees, costs and expenses has been paid in full.

CLASS THREE consists of the holders of unsecured claims against the within Bankruptcy Estate. Creditors in Class Three are those creditors who do not hold administrative, secured or priority claims against the within Bankruptcy Estate. The Debtor's Schedules of Assets and Liabilities listed unsecured claims in excess of \$20 million against the within Bankruptcy Estate. Creditors are in the process of filing Proofs of Claim against the within Bankruptcy Estate. The filed and scheduled claims will be reviewed by the Debtor and the Liquidating Trustee. The Allowed Unsecured Claims of Creditors shall be paid a pro rata share of the Net Estate Assets, as determined by the Estate Representative, pursuant to the Plan. It is anticipated that the Net Estate Assets shall consist of funds remaining after the payment of administrative, priority and secured claims and certain reserves for the expenses of the Liquidating Estate. Because the recoveries on claims to be asserted by the Debtor are uncertain, the Debtor is unable at this time to

estimate the potential dividend to Class Three unsecured creditors.

CLASS FOUR consists of the holders of equity interests of the Debtor. Upon the Effective Date of the Plan, all assets of the Debtor will be liquidated and distributed to creditors in Classes One, Two and Three. Holders of Equity Interests in Class Four shall receive no distribution under the Plan.

1. **Time and place of Confirmation Hearing.** The hearing at which the Court will determine whether to confirm the Plan will take place on _____, _____ at _____ a.m./p.m. in Courtroom ____, 50 Walnut Street, 3rd Floor, Newark, New Jersey 07102.

2. **Deadline for voting for or against the Plan.** If you are entitled to vote, it is in your best interest to timely vote on the enclosed ballot and return the ballot in the enclosed envelope to:

By First Class Mail

BMC Group
Attn: ZGA Ballot Processing
PO Box 90100
Los Angeles, CA 90009

By Overnight or Hand Delivery

BMC Group
Attn: ZGA Ballot Processing
300 N. Continental Blvd., #570
El Segundo, CA 90245

Your ballot must be received by _____ or it will not be counted (the “Voting Deadline”).

3. **Deadline for objecting to confirmation of the Plan.** Objections to the confirmation of the Plan must be filed with the Court and served upon Wasserman, Jurista & Stolz, P.C., Attention: Daniel M. Stolz, Esq., Counsel for the Debtors, dstolz@wjslaw.com, 110 Allen Road, Suite 304, Basking Ridge, New Jersey 07920 by

_____ (the “Objection Deadline”).

4. **Identity of person to contact for more information regarding the Plan.**

Any interested party desiring further information about the Plan should contact Wasserman, Jurista & Stolz, P.C., Attention: Daniel M. Stolz, Esq., Counsel for the Debtors, dstolz@wjslaw.com, 110 Allen Road, Suite 304, Basking Ridge, New Jersey 07920, (973) 467-2700.

5. **Financial Data Disclaimer.** The financial data relied upon in formulating the Plan is based upon the Debtor’s books and records and was not audited. The information contained in this Disclosure Statement is provided by the Debtor. The Debtor represents that everything stated in the Disclosure Statement is true to the best of its knowledge as of the date hereof.

PLEASE NOTE THAT THE APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A RULING ON THE MERITS, FEASIBILITY, OR DESIRABILITY OF THE PLAN.

III. BACKGROUND

A. Description and History of the Debtor’s Business

Zucker, Goldberg & Ackerman, LLC (hereinafter the “Debtor” or “ZGA”) is a New Jersey Limited Liability Company with its primary offices at 200 Sheffield Street, Suite 101, Mountainside, New Jersey. ZGA was formed in 1923 as Zucker & Goldberg. ZGA has operated a law firm primarily engaged in the representation of lenders and secured parties in foreclosure matters, insolvency proceedings, and related matters. The sole members of ZGA are Michael S. Ackerman, Esq. and Joel Ackerman, Esq. Michael S.

Ackerman is the managing member of ZGA.

Prior to the Chapter 11 filing, ZGA was handling in excess of 40,000 active files. At one time, ZGA was handling in excess of 40% of the pending foreclosure cases in the State of New Jersey, as well as foreclosure cases in Pennsylvania and bankruptcy cases throughout the State of New Jersey and Pennsylvania. For the calendar year 2014, ZGA generated gross revenue in the amount of \$31,591,746.45. Prior to the Chapter 11 filing, ZGA had approximately 350 employees.

B. Events Leading to Chapter 11 Filing.

As ZGA grew, it developed innovative systems and procedures for the handling of a large volume of foreclosure cases. These procedures allowed ZGA to handle cases more efficiently and expeditiously than their competitors. As a result, many of the largest lenders placed a huge volume of foreclosure cases with ZGA. Among the largest clients of ZGA were Wells Fargo, Bank of America, Chase Home Mortgage, Select Portfolio and Nationstar.

At one time, ZGA not only handled foreclosure matters for their clients, but also provided title searches through its trade name, Yankee Title. Several years prior to the Chapter 11 filing, many of ZGA's clients ceased using Yankee Title for title searches and required ZGA to enter into agreements with a national title firm for searches. ZGA suggested that the clients deal directly with this national title firm, but the clients rejected that suggestion.

Prior to 2009, the time period between opening a foreclosure file and concluding a foreclosure sale averaged approximately 250 days. Because of this fairly rapid and

uncomplicated process, ZGA was able to operate profitably, even with the relatively small fee paid by their clients for the foreclosure legal services. During those years, ZGA also frequently served as the “bank” for its clients, fronting the funds for title work, process serving, title policies, etc. and being reimbursed thereafter by their clients.

Beginning in approximately 2008, there was upheaval in the real estate and banking marketplace. This resulted in unprecedented increases in the number of foreclosure cases. Statewide foreclosure actions nearly tripled from 24,826 in 2006 to 65,570 in 2009. In New Jersey, which is known as a “judicial state”, where foreclosure proceedings must go through the court system, the courts of the State of New Jersey were not prepared for the rapid increase in the number of foreclosure cases and were unable to process those cases expeditiously. As a result, the time period between initiation of a foreclosure action and sale, which had averaged approximately 250 days, rose to approximately 1,000 days for an uncontested residential foreclosure.

Since ZGA did not traditionally get paid the bulk of their fees until judgment was entered or a sale conducted, the backlog in the court system had a severe impact on ZGA and its cash flow. Requests by ZGA to its clients for increases in fees and other financial accommodations were rather uniformly rejected.

Adding to ZGA’s difficulties were rulings by the New Jersey Courts finding that the notices issued by Lender Clients regarding the commencement of foreclosure actions were deficient and the ruling of the New Jersey Supreme Court finding many servicers committed what has become known as “Robo Signing”. Because of these faulty practices by the Lender Clients, the New Jersey Supreme Court actually stayed all foreclosure cases for a period of time and the foreclosure process in New Jersey substantially ground to a

halt. In 2011 only 11,058 new foreclosure cases were commenced statewide and in 2012 the number had only risen to 20,370. None of these deficiencies were caused by actions of ZGA, but rather by its Lender Clients. Again, when ZGA sought financial relief from their clients, its requests were rejected.

ZGA sent their Lender Clients recommendations with regard to compliance with the requirements imposed by the New Jersey Courts and urged the clients to proceed rapidly. Unfortunately, the clients were very slow to implement procedures to allow pending cases to move forward. At the same time, the Lender Clients insisted that ZGA continue to open new files and draft complaints with regard to an increasing volume of loans that were in default. Additionally, Lender Clients required that ZGA report on the status of its new and pending cases regardless of whether the client was able to move these cases or not.

To deal with the financial and cash flow damage being inflicted on it, ZGA commenced borrowings under a secured credit line with J.P. Morgan Chase ("Chase"). Michael Ackerman also began to loan funds to ZGA to allow for the payment of essential operating expenses. Ultimately, Michael Ackerman loaned ZGA in excess of \$6 million. Notwithstanding the foregoing cash infusions, the trade debt to title companies, process servers and other vendors began to grow rapidly.

Despite the obstacles being faced by ZGA, management believed that those obstacles could be overcome. This belief was partly based upon the success of management of ZGA in overcoming prior adversities which had faced the company.

In the mid 1980s, ZGA primarily represented thrifts, who were paying a fee of approximately \$1,600.00 per foreclosure case. These thrifts started asking ZGA and its

competitors to be paid Fannie Mae rates of approximately \$650.00 per case. While many competitors left the field because they could not operate profitably at those rates, ZGA implemented processes to allow ZGA to operate more efficiently and expeditiously, to cut costs and allow ZGA to continue to operate profitably.

In the early 1990s, the Resolution Trust Corporation (RTC) took over most of the thrifts in an 18 month period. As a result, the flow of new files from thrifts slowed to approximately 40 files per month. To deal with this crisis, Michael Ackerman traveled to all of the major national mortgage companies, soliciting their business and highlighting the innovative processes which ZGA had implemented. As a result, ZGA began to replace the thrift business with a large volume of business from the national mortgage companies.

As a result of the real estate crisis in the early 1990s, by 1995 timelines of foreclosure cases had started to backup to approximately 650 days. Freddie Mac implemented a designated attorney program and asked attorneys to shorten the timeline to less than 300 days. As a result, ZGA began to lose substantial market share in the industry. ZGA implemented new procedures and processes which allowed ZGA to complete the foreclosure process in approximately 200 days, resulting in an increased market share for ZGA.

As a result of these past successes in overcoming adversity, ZGA was optimistic that it could implement procedures to overcome the “double whammy” of the court bottleneck in foreclosures and the clients’ significant delay in complying with the new requirements imposed by the New Jersey Courts. As a result of this “double whammy”, the foreclosure process in New Jersey had essentially ground to a halt during 2011 and 2012.

By early 2013, the clients had remedied many of the deficiencies in their foreclosure process. Michael Ackerman of ZGA got together with others in the industry and went to the clients, requesting that clients increase fees, accelerate payments, and reimburse for costs. While the clients, in many instances, would not make these changes with regard to pending files, the clients agreed to these changes, increasing the fee almost threefold with regard to new matters referred to ZGA.

In 2013, ZGA was handling approximately 45,000 foreclosure cases. ZGA's timeline on foreclosure cases was better than their competitors by almost 50%. Management of ZGA was confident that with their innovative procedures, they could increase their market share even further with regard to new profitable matters which would be referred by clients.

In 2013, law firms began to file contesting answers to foreclosure complaints more regularly and ZGA was forced to create a new litigation department to handle these contested matters. This litigation work was profitable, as ZGA was entitled to charge the client on an hourly basis for these services. The extra income from the litigation department, the costs savings through these new procedures, and the new work being forwarded to ZGA by the clients brought ZGA to basically a break even for the year 2013.

Unfortunately, during 2013, major lenders began to dump huge portfolios of underperforming loans, through discounted sales to specialty servicers. Again, Michael Ackerman traveled to each of these specialty servicers, highlighting ZGA's knowledge of the marketplace, innovative procedures, and quality of product. Slowly, ZGA began to become an approved firm for most of these specialty servicers. Initially, the representatives of these specialty servicers whom Michael Ackerman met with indicated they would agree

to send a large percentage of their work to ZGA.

Unfortunately, senior management of the specialty servicers began demanding aged inventory reports from law firms. Because of the failure of ZGA's major lender clients to rapidly comply with the Court imposed requirements in New Jersey, ZGA's inventory consisted mainly of older cases. Despite Michael Ackerman's attempt to explain the reason for this aging to the specialty servicers, ZGA began to lose substantial market share. Much of the work went to law firms that had low market share in the foreclosure marketplace, and therefore did not have aging issues with regard to inventory. In addition to the foregoing, the specialty servicers decided to require that ZGA manually enter statuses with regard to pending files and any "holds" placed on those files to be input into their systems. This created a new bottleneck and prevented ZGA from reducing staff, because of the time and labor consuming nature of these requirements. Of course, the specialty servicers did not pay ZGA for these services.

While many of the efforts of ZGA to deal with the foregoing circumstances had met with success, in mid 2015, management of ZGA realized that they were quickly running out of time and funds. Many of the vendors, who had previously been patiently been awaiting payment of outstanding sums, began to press ZGA more aggressively for payment and threatened to withhold future services if payments on past accounts were not made. Having run out of time and money, ZGA had no choice but to seek orderly liquidation of its business, through Chapter 11.

As a result of the foregoing, on or about June 22, 2015, ZGA sent notice to its employees that their employment would be terminated 60 days thereafter. ZGA also informed all of its Lender Clients that ZGA would be accepting no new files and would be

finishing out work on the pending matters and ceasing operations. ZGA also provided similar notice to its larger vendors.

IV. SIGNIFICANT EVENTS SINCE THE CHAPTER 11 FILING

On August 3, 2015, ZGA filed a Voluntary Petition under Chapter 11 of Title 11 of the United States Code. ZGA has been certified as a Debtor-in-Possession, and remains in possession and control of its assets. This Chapter 11 case has been assigned to the Honorable Christine M. Gravelle, United States Bankruptcy Judge.

The Debtor has retained the firm of Wasserman, Jurista & Stolz, P.C. as its bankruptcy counsel. The Debtor has also hired Brown, Moskowitz & Kallen, P.C. as special litigation and ethics counsel. The Debtor has hired the firm of Getzler Henrich & Associates, LLC as financial consultants and the firm of Sobel & Company, LLC as tax advisors.

The Office of the United States Trustee has formed an Official Committee of Unsecured Creditors (the "Committee"). The Committee has retained the firm of McCarter & English as its counsel.

Prior to the Chapter 11 filing, all of the Debtor's assets were subject to a secured claim and lien held by JPMorgan Chase ("Chase"). The Debtor had been in default under the Chase Loan Agreements and had entered into a series of Forbearance Agreements with Chase that ratified the validity of the loan, security and indebtedness, and, subject to certain conditions and payments, provided for Chase to forbear from exercising its remedies upon default.

At the time of the Chapter 11 filing, the Debtor was indebted to Chase in the approximate amount of \$2,850,000.00. After input from the Creditors' Committee and other parties, the Debtor entered into a Final Cash Collateral Order with Chase; which was approved by the Court by Order dated September 11, 2015.

Pursuant to the Cash Collateral Order, the Debtor has made payments to Chase during the Chapter 11 proceeding, reducing the secured indebtedness from approximately \$2,850,000.00 to approximately \$500,000.00.

During the course of this Chapter 11 case, the Debtor has reduced its employee base from approximately 350 employees to 15 employees, as of November 30, 2015. At yearend 2015, the Debtor terminated all employees and is retaining any personnel needed for the ongoing wind-down and liquidation as private contractors, rather than employees. By way of this step, the Debtor will be eliminating substantial costs such as health insurance, etc.

The Debtor has further surrendered a large portion of the space that it had rented at 200 Sheffield Street, Mountainside, New Jersey. A dispute had arisen with regard to the Debtor's ongoing responsibility to pay rent for that premises and whether the lease is divisible or not. The Debtor engaged in negotiations and discussions with its Landlord and has reached agreement with the Landlord to provide for a significantly reduced monthly rental, until all space is vacated.

During the course of this Chapter 11 case, the Debtor has transferred approximately 30,000 cases to substitute counsel, pursuant to instructions from the Debtor's lender clients. The Debtor has further obtained judgments on its remaining files, where the clients wished

the Debtor to continue providing services and is in the process of preparing final bills for its clients. It is anticipated that by the date this Disclosure Statement is approved, the Debtor will have generated final bills to all clients.

As of the Petition Date, the Debtor's accounts receivable totaled \$8,268,180.51. During the course of this Chapter 11 case, the Debtor has generated new accounts receivable totaling \$4,231,407.47. As of November 22, 2015, the remaining pre-petition and post-petition account receivable totaled \$8,332,661.44.

Unfortunately, for a variety of reasons, the Debtor's clients have not submitted timely payment of amounts due. As the Debtor is a law firm, under applicable New Jersey Law, before the Debtor can institute an action to collect sums due from its clients, it must send its clients what are known as "Pre-Action Letters" providing the clients with a thirty day opportunity to request free arbitration. On November 12, 2015, the Debtor issued letters to all of its clients, with the exception of those clients for whom ongoing services were being performed, providing for a thirty day opportunity for the clients to request fee arbitration. If the clients do not request fee arbitration within that period of time, the Debtor intends to commence actions against the former clients to collect outstanding amounts due.

As should be apparent, the collection of even a substantial portion of the Debtor's outstanding accounts receivable, will provide sufficient funding to satisfy the indebtedness to Chase and to provide significant proceeds for distribution to Class Three Unsecured Creditors.

Because of the complexity of the issues regarding the collection of accounts

receivable and the potential defenses and counterclaims which may be asserted by the clients, the Debtor will need to assure that employees knowledgeable with regard to the dealings with clients are available and that all records with regard to accounts receivable are preserved. The Debtor will also have to attend to a myriad of other issues associated with the closing of the law firm and termination of its business.

The Debtor, in consultation with the Creditors' Committee, will attempt to reduce the costs of the wind down process to the extent possible, to maximize the funds available for creditors. It is presumed that the Estate Representative will continue this process after the Plan is confirmed by the Court.

Other Assets Available for Distribution to Creditors

The Debtor has retained an auctioneer and sold its excess machinery and equipment for gross proceeds of approximately \$26,000.00.

The Debtor retains funds in its IOLTA Trust Account. While those funds may be the property of clients, the Debtor is currently withholding those funds, pending resolution of amounts owed to the Debtor by such clients. It is uncertain whether any of the funds in the IOLTA account will remain with the Debtor's Estate and available for distribution to creditors. The Debtor maintains a malpractice insurance policy with a maximum coverage of \$5 million. It is unclear whether there would be coverage under that malpractice policy for creditors, as opposed to clients of the Debtor. Therefore, it is uncertain whether any of the proceeds of the malpractice policy would be available for distribution to creditors of this Estate.

It is possible that the Bankruptcy Estate may hold significant claims against parties

for what are known as “avoidable transfers”, such as preferential payments and fraudulent conveyances. At present, it is impossible to know the magnitude of these claims and the likelihood that there will be recoveries thereunder.

Under the Plan of Reorganization, Edward P. Bond, CPA, is being appointed as the Estate Representative. The Estate Representative, who is independent, will have the obligation to investigate and pursue all potential avoidance claims.

Potential Trust Claims Against the Bankruptcy Estate

ServiceLink NLS, LLC (“ServiceLink”) and DGR Subpoena & Messenger Service, Inc. (“DGR”) have indicated that they may assert that amounts paid to the Debtor by clients which represented payment for services rendered by ServiceLink and DGR did not become property of the Bankruptcy Estate and may be subject to either express or constructive trust claims by those parties. No trust claim has as yet been asserted by ServiceLink or DGR. In the event that ServiceLink, DGR or any other party asserted a trust claim against the Bankruptcy Estate, the Debtor would intend to vigorously contest and defend such a claim. Obviously, should a trust claim be sustained against the Estate, that would diminish the funds available for payment to unsecured creditors.

Unsecured Creditor Claims

December 8, 2015 was the deadline for creditors to file Proofs of Claim in this Case. Proofs of Claim were filed totaling approximately \$25 million. A significant portion of those claims will be contested by the Debtor or the Estate Administrator. The Debtor is unable at this time to estimate the total amount of unsecured claims which will be allowed after review and contest.

V. SUMMARY OF THE PLAN OF REORGANIZATION

A. Nature of the Plan

This Plan of Reorganization is what is commonly known as an “Plan of Orderly Liquidation”. Pursuant to Section 1141 of the Bankruptcy Code and Section 727 (a) of the Bankruptcy Code, a Limited Liability Company, such as ZGA, does not receive a discharge of its debts under a Plan of Orderly Liquidation. The Plan filed herein does not provide for a discharge of the debts due to creditors.

Instead, unsecured creditors will receive a pro rata distribution of the net funds available after all assets have been liquidated and all secured, administrative and priority claims have been paid in full. Unfortunately, because Debtor anticipates that clients owing accounts receivable will contest their obligation to pay such account receivable, the funds that will be available for distribution is uncertain at the present time.

The Debtor believes that administrative claims and creditors in Classes One and Two will be paid in full under the Plan.

While all claims against the Debtor have not yet been filed, the Debtor believes that claims in Class Three Unsecured Creditors will total between \$20 and \$30 million. These claims accrued over a period of many years, some creditors actually hold smaller claims than they held several years ago.

The gross accounts receivable of ZGA at the time of confirmation of this Plan is estimated to be approximately \$8 million. ZGA has sent letters to their former clients demanding payment of outstanding billings and providing former clients with an opportunity to seek arbitration with regard to the fees, in accordance with New Jersey Law.

Should the former clients decline the opportunity for arbitration, ZGA will commence suit in the Bankruptcy Court to collect all fees. ZGA anticipates that the former clients will assert defenses and offsets and that litigation with the clients may be difficult and a time consuming process. Management of ZGA is committed to pursuing collection efforts to a conclusion, to ensure the largest possible dividend for Class Three Unsecured Creditors.

B. Means of Effectuating the Plan

1. Funding of the Plan. The Plan of Orderly Liquidation will primarily be funded by collection of accounts receivable and recoveries under potential causes of action. As of the Effective Date of this Plan, the Debtor projects that its pre-petition and post-petition accounts receivable should total approximately \$8 million. Set forth below is an aging of the accounts receivable.

While the Debtor believes that all accounts receivable are valid and duly owing by the clients, it is anticipated that many former clients will assert defenses and offsets when pressed for payment. It is anticipated that litigation will be commenced against those former clients who have not paid accounts receivable prior to the Effective Date of the Plan. It is anticipated that the Estate Representative will continue the pursuit of such litigation subsequent to the Effective Date of the Plan.

2. Delegation of claims to Estate Representative. Edward P. Bond, CPA shall be designated the Estate Representative, to pursue all claims the Debtor has reserved under the Plan. The Order of Confirmation shall delegate to the Estate Representative consistent with 11 U.S.C. §1123 and The Official Committee Ex Rel. Cybergenics v. Chinery, 330 F.3d 548 (3d Cir. 2003), the right to bring all claims reserved to the Debtor under the Plan,

including claims under 11 U.S.C. §§ 510, 544, 545, 546, 547, 548, 549, 550 and 551. The disposition of any net proceeds from the pursuit of claims shall be treated in the manner set forth with regard to the treatment of Creditors under this Plan.

The Estate Representative shall be entitled to retain such professionals that he deems necessary to aid in the administration of the Liquidating Estate. The Estate Representative shall not be entitled to retain professionals who have performed services on behalf of the Debtor or the Debtor-in-Possession with regard to what are known as “insider claims”. Similarly, the Estate Representative shall not be entitled to retain professionals who have performed services on behalf of the Creditors’ Committee or its members with regard to matters in which the Committee or its members have involvement. The Estate Representative shall not be required to obtain court approval for any post Effective Date retentions, and shall be entitled to pay such professionals in the ordinary course, subject to the right of the post-confirmation committee to review all billings.

3. Post Confirmation Management. The Estate Representative shall be responsible to supervise the post-petition management of the Debtor and the Liquidating Estate. The Estate Representative shall be entitled to employ individuals, including individuals that formerly were employed by the Debtor, to the extent necessary and appropriate. Under the Plan, a post-confirmation committee shall be formed, to supervise the activities of the Estate Representative, and to consult with the Estate Representative with regard to relevant matters.

Edward P. Bond, CPA, CFE, CIRA, is a recognized expert in the field of bankruptcy and bankruptcy accounting. Mr. Bond heads the bankruptcy department at the accounting firm of Bederson, LLP. Mr. Bond served for two years as the President of the New Jersey

State Board of Accountancy. He has been involved in literally thousands of bankruptcy cases over the last 40 plus years. Mr. Bond has served as a bankruptcy trustee, liquidating trustee, examiner, and other capacities in large, medium and small bankruptcy cases in New Jersey and throughout the Country.

The Estate Representative shall serve as the Disbursing Agent and shall make all distributions provided under the Plan. The Disbursing Agent shall serve without bond, and shall receive compensation for distribution services rendered and expenses incurred pursuant to the Plan.

4. **Preservation of Records.** ZGA has a long standing relationship with 4S Technologies, LLC. Michael and Joel Ackerman hold an ownership interest in 4S Technologies, LLC, which operates at the same location as ZGA. For many years, 4S Technologies has provided technical services to ZGA to assist in the operation of its business. ZGA has entered into an agreement with 4S Technologies, LLC, whereby 4S Technologies shall maintain all of the Debtor's records on its computer servers and make such records and information accessible by ZGA, the Estate Representative and other parties subsequent to the Effective Date of the Plan. Management of 4S Technologies is familiar with the Debtor's records and will provide these services at or below market rates. Preservation of the records is not only essential for administration of the bankruptcy estate, but also with regard to ZGA's ethical duties to its former clients.

C. Executory Contracts and Unexpired Leases.

The Plan provides that all Executory Contracts and Unexpired Leases not previously assumed or rejected by the Debtor prior to the Effective Date shall be deemed rejected by

the Debtor under this Plan.

The Order of the Court confirming the Plan shall constitute an Order approving, as of the Effective Date, the rejection of each lease and contract that has not been previously assumed. If you are a party to a lease or contract to be rejected, and you object to the rejection of your lease or contract, you must file and serve your objection to the proposed rejection within the Objection Deadline fixed by the Court for objections to confirmation of the Plan.

All proofs of claim with respect to claims arising from the rejection of an Executory Contract or Unexpired Lease must be filed within the Bankruptcy Court within the earlier of (i) the date set forth for filing claims in any Order of the Bankruptcy Court approving such rejection, or (ii) thirty days after the Confirmation Date. Any such claims, proofs of which are not filed timely, will be forever barred from participating in any distribution under the Debtor's Plan.

D. Tax Consequences of the Plan.

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

The Debtor has not requested any ruling from the Internal Revenue Service or any other taxing authority with respect to the federal or state income tax consequences of the Plan, or obtained any opinion of counsel. The Debtor offers no statements or opinions that are to be relied upon by 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 equity interest. The tax consequences to creditors and interest holders will differ and will depend on factors specific to each creditor or interest holder.

The Debtor is a Limited Liability Company. Pursuant to §1141 and §727(a) of the Bankruptcy Code, the Debtor shall not be receiving a discharge of its indebtedness. Based upon the foregoing, the Debtor does not believe that confirmation of the Plan will have a tax impact on the Debtor or the bankruptcy estate.

E. Information of Reporting and Backup Withholding.

Payments in respect of claims under this Plan may be subject to applicable information reporting and backup withholding. Backup withholding of taxes will generally apply to payments in respect to a claim under the Plan if the holder of such claim fails to provide an accurate taxpayer identification number or otherwise fails to comply with the applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against the holder's U.S. Federal income tax liability and a holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS.

F. Risk Factors.

This Disclosure Statement contains projections with respect to the orderly liquidation of the Debtor's assets. There could be no assurance that any assumptions contained in this Disclosure Statement are accurate or will be successfully concluded. Projections, by nature, are based upon future events which could not be predicted with

accuracy and there is no assurance that the necessary funds can or will be obtained. Each creditor and interest holder and each of their respective advisors must carefully read and consider the assumptions which are part of the projections in determining whether to vote for or against the Plan.

G. Post-Confirmation Conversion/Dismissal.

A creditor or party in interest may bring a motion to convert or dismiss this case under §1112(b), after the Plan is confirmed, if there is a default in performance of the Plan, or if cause exists under §1112(b). If the Court orders the case converted to Chapter 7 after the Plan is confirmed, then all property that has been property of the Chapter 11 estate and has not been disbursed pursuant to the Plan will revert in the Chapter 7 estate, and the automatic stay will be reimposed upon the reverted property only to the extent that relief from the stay was not previously granted during the case. If this Case is converted to Chapter 7 after confirmation, all Chapter 11 administrative expense claims shall retain their Chapter 11 administrative expense status for distribution in Chapter 7.

H. Post-Confirmation Quarterly Fees.

Quarterly fees pursuant to 28 U.S.C. §1930(a)(6) continue to be payable to the Office of the United States Trustee post-confirmation until such time as the case is converted, dismissed or closed pursuant to a final decree.

I. Fractions of Cents.

Notwithstanding any provision of the Plan to the contrary, no payments or fractions of cents will be made. Whenever any payment of a fraction of a cent would otherwise be called for, the actual payment shall reflect the rounding down of such fraction to the nearest

whole cent.

J. Payment of Less than \$50.

Notwithstanding any provision in the Plan to the contrary, no payment shall be made on account of such an allowed claim, if the cash payment otherwise provided for in this Plan with respect to allowed claim would be less than \$50.

K. Setoff.

The Estate Representative may, but shall not be required to, set off any claim and the payment to be made pursuant to this Plan with respect to such claim, claims of any nature whatsoever the Debtor or the Liquidating Estate may have against the claimant, but neither the failure to do so, nor the allowance of a claim hereunder, may constitute a waiver or release by the Chapter 11 Estate or the Estate Representative of any claim it may have against the claimholder.

L. Other Provisions of the Plan.

1. **Retention of Jurisdiction.** The Court will retain jurisdiction and implement the Plan as provided in the Plan.

2. **Procedures for Resolving Contested Claims.** The Debtor and/or the Estate Representative shall have 60 days subsequent to the Confirmation Date to object to the allowance of claims, which deadline may be extended by the Court upon proper application. The Debtor has reviewed the claims that have been filed. The Debtor intends to object or request that the Estate Representative object to various claims.

3. **Effective Date.** The Effective Date of the Plan shall be the first business day on which all of the conditions to the Effective Date specified in the Plan have been satisfied or

waived in accordance with the terms of the Plan. Debtor shall file with the Court a Notice of the occurrence of the Effective Date.

4. **Modification.** Only the Debtor may alter, amend, or modify the Plan at any time prior to the Confirmation Date, and thereafter as provided in §1127(b) of the Bankruptcy Code.

5. **Conditions to the Effective Date.** The Plan shall not become effective unless and until the conditions set forth in the Plan have been satisfied or waived by the Debtor, in writing, filed with the Bankruptcy Court. The Effective Date shall not occur until the Confirmation Order shall have been entered on the docket in the Chapter 11 case and shall have become a final order and all documents, agreements and instruments necessary to consummate the Plan on the Effective Date shall have been executed and delivered by the parties thereto in the form and substance reasonably satisfactory to the Debtor and all of the actions required to be taken in connection with the Effective Date have occurred.

VI. CONFIRMATION REQUIREMENTS AND PROCEDURES

Persons or entities concerned with confirmation of this Plan should consult with their own attorneys because the law on confirming a Plan of Reorganization is very complex.

Many requirements must be met before the Court can confirm a Plan. Some of the requirements include that the Plan must be proposed in good faith, that impaired creditors or interest holders shall have accepted the Plan, that the Plan pays creditors at least as much as creditors would receive in a Chapter 7 liquidation, and that the Plan is feasible. These requirements are not the only requirements for confirmation.

A. Who May Vote or Object.

Any party in interest may object to confirmation of the Plan, but as explained below, not every creditor is entitled to vote to accept or reject the Plan. For example, only impaired creditors or equity holders may vote to accept or reject this Plan. Under the Plan, Classes One and Two are not impaired and are therefore deemed to have voted to accept the Plan. Class Three and Four creditors are impaired and may vote to accept or reject the Plan.

B. What is an Allowed Claim/Interest.

As noted above, a creditor interest holder must first have an allowed claim or interest or have a right to vote. Generally, any proof of claim or interest will be allowed, unless a party in interest brings a motion to object to the claim. When an objection to the claim or interest is filed, the creditor or interest holder holding the claim or interest cannot vote unless the Court, after a notice and a hearing, either overrules the objection or allows the claim or interest for voting purposes.

A creditor or interest holder may have an allowed claim or interest, even if a proof of claim or interest was not timely filed. A claim is deemed allowed if (i) it is scheduled on the Debtor's Schedules and such claim is not scheduled as disputed, contingent or unliquidated, and (ii) no party in interest has objected to the claim as it is scheduled.

As noted above, an allowed claim or interest only has a right to vote if it is in a class that is impaired under the Plan. A class is impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class. For example, a class comprised of general unsecured claims is impaired if the Plan fails to pay the member of that class in full on the

Effective Date of the Plan.

C. Votes Necessary to Confirm the Plan.

If impaired classes exist, the Court cannot confirm the Plan unless (i) unless one impaired class has accepted the Plan without counting the votes of any insiders within that class, and (ii) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by “cram down” on non-accepting classes, as discussed subsequently herein.

A class of claims is considered to have accepted the Plan when more than one-half in number and at least two-thirds in dollar amount of the allowed claims in that class that actually voted, voted in favor of the Plan. A class of interest is considered to have accepted the plan when at least two-thirds in amount of the allowed interest holders of such class, which actually voted, voted to accept the Plan. Any ballot that is executed by the holder of an allowed claim or interest, but does not indicate an acceptance or rejection of the Plan, shall be deemed to be an acceptance of the Plan.

D. Treatment of Non-Accepting Classes.

As noted above, even if all impaired classes do not accept the proposed Plan, the Court may nonetheless confirm the Plan, if the non-accepting classes are treated in the manner required by the Code. The process by which non-accepting classes are forced to bound by the terms of the Plan is commonly referred to as “cram down”. The Code allows the Plan to be “crammed down” on non-accepting classes of claims or interests if it meets all consensual requirements except the voting requirement of §1129(a)(8) and if the Plan does not “discriminate unfairly” and is “fair and equitable” towards each impaired class

that has voted to accept the Plan as referred to in 11 U.S.C. §1129(b) and applicable case law.

E. Liquidation Analysis.

Another requirement for confirmation of the Plan is the “best interest test”, which requires an analysis of the value received in a potential Chapter 7 liquidation as opposed to the value to be received by creditors under the Plan.

In a Chapter 7 case, a Chapter 7 Trustee is appointed. The Chapter 7 Trustee is permitted to retain attorneys, accountants and other professionals. The Trustee is paid a commission, based upon all funds that he disburses and the professionals retained by the Trustee are entitled to be paid before any other creditor receives payment.

Because a Chapter 7 Trustee would be unfamiliar with the Debtor’s business and assets, there would be a huge “learning curve” for the Chapter 7 Trustee to be able to administer the Chapter 7 estate. The Debtor believes that this learning curve would be extraordinarily expensive and time consuming and these efforts would diminish and delay distributions to creditors.

The Debtor also believes that a Chapter 7 Trustee could not administer the bankruptcy estate as effectively and efficiently as the Estate Representative, with the assistance of management of the Debtor and the input of the Post-Confirmation Committee.

Based upon the foregoing, it is the Debtor’s belief that the distribution to creditors under this Plan of Reorganization would be substantially in excess of any distribution that the creditors would receive under a Chapter 7 liquidation, and further that the distribution to creditors will be forthcoming much sooner than any distribution under a case in Chapter

7. Since the Plan provides for a better return to substantially all creditors, the Debtor submits that the Plan satisfies the “best interest test”.

F. Feasibility.

Since this Plan is a Plan of orderly liquidation, the feasibility test is largely not applicable to the within Plan. Were the Debtor to be reorganizing, the Court would need to be persuaded that the reorganization was feasible.

VII. EFFECT OF CONFIRMATION OF PLAN

A. Discharges and Releases.

Zucker, Goldberg & Ackerman, LLC is a limited liability company. Pursuant to the Plan, all assets of ZGA are to be liquidated and the proceeds thereof distributed to creditors. Pursuant to 11 U.S.C. §1141(d)(3), the confirmation of a plan does not discharge a debtor if the plan provides for the liquidation of all or substantially all of the debtor’s assets, the debtor does not engage in business after consummation of the plan, and the debtor would not receive a discharge under §727(a) of the Code. Under §727(a), discharge is not granted if a debtor is not an individual. Based upon the foregoing, there shall not be a discharge of the debts of ZGA under the Plan.

Notwithstanding the foregoing, the only manner in which creditors may receive a distribution or recovery from ZGA following Plan confirmation is through the liquidation and distribution of the assets of ZGA by the Estate Representative. Under the Plan, all assets of ZGA and all causes of action held by the Bankruptcy Estate will be transferred to the Estate Representative, to pursue on behalf of creditors with allowed claims.

B. Terms of Injunctions and Stays of Injunctions.

Unless otherwise provided by a final order of the Bankruptcy Court, all injunctions or stays provided for in the Chapter 11 case pursuant to §§105 or 362 of the Bankruptcy Code, or otherwise in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

Except as otherwise expressly provided for in this Plan, all persons who have held, hold or may hold claims, debts, or interests are permanently enjoined on or after the Effective Date (a) from commencing or continuing in any manner or any action or proceeding of any kind or respect to any such claim, debt, or interests against the Debtor, the Estate Representative, or the Bankruptcy Estate, (b) from the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtor or property of the Debtor or the Debtor's Estate, (c) from creating, perfecting, or enforcing any encumbrance of any kind against the Debtor or the Debtor's Estate, and (d) from asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due from the Debtor, the Debtor's Estate, or any property of the Debtor or the Debtor's Estate.

VIII. CONCLUSION

The Debtor encourages all parties in interest to carefully read the Plan as its terms control over the Disclosure Statement. The Debtor submits that confirmation of the Plan is in the best interest of creditors and the Debtor's Estate.

**ZUCKER, GOLDBERG & ACKERMAN, LLC.,
Plan Proponent**

By: 
MICHAEL S. ACKERMAN

Dated: January 14, 2016

Managing Member

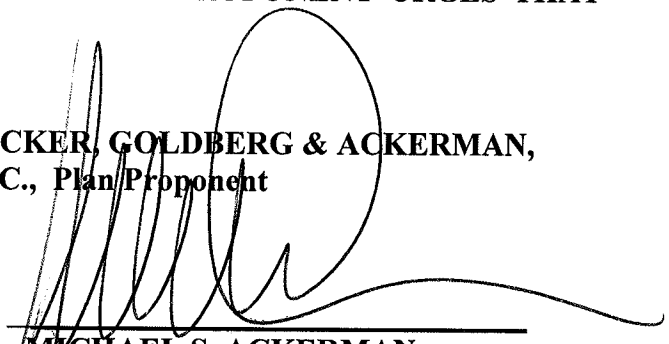
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| UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY | |
| Caption in Compliance with D.N.J. LBR 9004-2(c) WASSERMAN, JURISTA & STOLZ, P.C. 110 Allen Road, Suite 304 Basking Ridge, New Jersey 07920 Phone: (973) 467-2700 Fax: (973) 467-8126 DANIEL M. STOLZ, ESQ. (DS-1897) <i>Counsel to Zucker, Goldberg & Ackerman, LLC., Debtor and Debtor-in-Possession</i> | |
| In Re: | Judge: Christine M. Gravelle |
| ZUCKER, GOLDBERG & ACKERMAN, LLC., | Chapter: 11 |
| Debtor. | Case No.: 15-24585 (CMG) |

**FIRST AMENDED DISCLOSURE STATEMENT IN SUPPORT OF DEBTOR'S
PLAN OF ORDERLY LIQUIDATION**

PLEASE READ THIS DISCLOSURE STATEMENT CAREFULLY. THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THIS PLAN. THE PLAN PROPONENT BELIEVES THAT THIS PLAN PROVIDING FOR ORDERLY LIQUIDATION AND DISTRIBUTION OF ASSETS IS IN THE BEST INTEREST OF THE CREDITORS AND THAT THE PLAN IS FAIR AND EQUITABLE. THE PROPONENT URGES THAT THE VOTER ACCEPT THE PLAN.

**ZUCKER, GOLDBERG & ACKERMAN,
LLC., Plan Proponent**

By: _____


**MICHAEL S. ACKERMAN
MANAGING MEMBER**

Dated: January 14, 2016

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I. PREFATORY STATEMENT AND DEFINITIONS

Pursuant to Chapter 11 of title 11 of the United States Code, 11 U.S.C.:§§ 101, et seq. (the "Bankruptcy Code"), Zucker, Goldberg & Ackerman, LLC., (the "Debtor" or "ZGA") the Debtor and Debtor-in-Possession in the above-captioned case, hereby submits this Disclosure Statement (the "Disclosure Statement") in support of the Plan of Orderly Liquidation of the Debtor under Chapter 11 of the Bankruptcy Code (the "Plan"). The definitions contained in the Bankruptcy Code are incorporated herein by reference. The definitions set forth in Article I of the Plan shall also apply to capitalized terms used herein that are not otherwise defined.

II. INTRODUCTION AND OVERVIEW

A. Introduction

On August 3, 2015, the "Petition Date", the Debtor filed a Voluntary Petition for Relief under Chapter 11 of Title 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of New Jersey (the "Court"). No Trustee has been appointed and the Debtor has continued to operate its business and manage its assets as a debtor in possession, pursuant to Section 1107(a) and 1108 of the Bankruptcy Code. On August 17, 2015, the U.S. Trustee formed an Official Committee of Unsecured Creditors, the "Committee". The Committee has retained McCarter & English, LLC. as its counsel.

This Disclosure Statement, submitted in accordance with section 1125 of the Bankruptcy Code, contains information regarding the Plan proposed by the Debtor. A copy of the Plan accompanies this Disclosure Statement. The Disclosure Statement is being distributed to you for the purpose of enabling you to make an informed judgment about the Plan.

Pursuant to 11 U.S.C. 1123, a Plan of Reorganization under Chapter 11 may provide for the orderly liquidation of the Debtor's assets and distribution of the proceeds from the orderly liquidation to creditors. Such Plans of Reorganization are commonly referred to as "Plans of Orderly Liquidation". The within Plan of Orderly Liquidation provides for the wind down of ZGA's business, the collection of its accounts receivable and liquidation of its other assets, pursuit of any claims or causes of action held by the Debtor and distribution of the proceeds of these activities to creditors. The Debtor believes that this Plan of Orderly Liquidation will provide a larger distribution to creditors than a liquidation under Chapter 7, by a Chapter 7 Trustee.

The Disclosure Statement describes the Plan and contains information concerning, among other matters: (1) the history, business, results of operations, management, property and liabilities of and pending litigation of and against the Debtor; (2) the assets available for distribution under the Plan; and (3) a summary of the Plan. The Debtor strongly urges you to review carefully the contents of this Disclosure Statement and the Plan (including the exhibits to each) before making a decision to accept or reject the Plan. Particular attention should be paid to the provisions affecting or impairing your rights as a Creditor.

On or about _____, 2016, the Bankruptcy Court approved this Disclosure Statement as containing sufficient information to enable a hypothetical reasonable investor to make an informed judgment about the Plan. Under section 1125 of the Bankruptcy Code, this approval enabled the Debtor to send you this Disclosure Statement and solicit your acceptance of the Plan. The Bankruptcy Court has not passed on the Plan itself, which will be the subject of a confirmation hearing..

Your vote on the Plan is important. Absent acceptance of the Plan, there may be protracted delays or a, chapter 7 liquidation. These alternatives may not provide for distribution of as much value to Holders of Allowed Claims as does the Plan. Accordingly, the Debtor urges you to accept the Plan by completing and returning the enclosed ballot(s) no later than _____, 2016, at 4:00 p.m. Eastern Time.

B. Disclaimers

THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE DEBTOR'S PROPOSED PLAN. PLEASE READ THIS DOCUMENT WITH CARE. THE PURPOSE OF THE DISCLOSURE STATEMENT IS TO PROVIDE "ADEQUATE INFORMATION" OF A KIND, AND IN SUFFICIENT DETAIL, AS FAR AS IS REASONABLY PRACTICABLE, IN LIGHT OF THE NATURE AND HISTORY OF THE DEBTOR AND THE CONDITION OF THE DEBTOR'S BOOKS AND RECORDS, THAT WOULD ENABLE A HYPOTHETICAL REASONABLE INVESTOR TYPICAL OF HOLDERS OF CLAIMS OR INTERESTS OF THE RELEVANT CLASS TO-MAKE AN INFORMED JUDGMENT CONCERNING THE PLAN. SEE 11 U.S.C. § 1125(a).

FOR THE CONVENIENCE OF CREDITORS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN, BUT THE PLAN ITSELF QUALIFIES ANY SUMMARY. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING.

NO REPRESENTATIONS CONCERNING THE DEBTOR'S FINANCIAL CONDITION OR ANY ASPECT OF THE PLAN ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE OR REJECTION THAT ARE OTHER THAN AS CONTAINED IN OR INCLUDED WITH THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION.

THE FINANCIAL INFORMATION CONTAINED HEREIN, UNLESS OTHERWISE INDICATED, IS UNAUDITED. MOREOVER, BECAUSE OF THE DEBTOR'S FINANCIAL DIFFICULTIES, AS WELL AS THE COMPLEXITY OF THE DEBTOR'S FINANCIAL MATTERS, THE BOOKS AND RECORDS OF THE DEBTOR, UPON WHICH THIS DISCLOSURE STATEMENT IN PART IS BASED, MAY BE INCOMPLETE OR INACCURATE. HOWEVER, REASONABLE EFFORT HAS BEEN MADE TO ENSURE THAT ALL SUCH INFORMATION IS FAIRLY PRESENTED.

WASSERMAN, JURISTA & STOLZ, P.C. ("WJ&S") IS GENERAL INSOLVENCY COUNSEL TO THE DEBTOR. WJ&S HAS RELIED UPON INFORMATION PROVIDED BY THE DEBTOR IN CONNECTION WITH PREPARATION OF THIS DISCLOSURE STATEMENT. ALTHOUGH WJ&S HAS PERFORMED CERTAIN LIMITED DUE DILIGENCE IN CONNECTION WITH THE PREPARATION OF THIS DISCLOSURE STATEMENT, COUNSEL HAS NOT INDEPENDENTLY VERIFIED ALL OF THE INFORMATION CONTAINED HEREIN.

THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE. EACH CREDITOR OR INTEREST HOLDER SHOULD CONSULT HIS OR HER OWN LEGAL COUNSEL AND ACCOUNTANT AS TO LEGAL, TAX AND OTHER MATTERS CONCERNING HIS OR HER CLAIM.

C. An Overview of the Chapter 11 Process

Chapter 11 of the Bankruptcy Code contains numerous provisions, the general effect of which is to provide the debtor with "breathing space" within which to propose a restructuring of its obligations to third parties. The filing of a Chapter 11 bankruptcy petition creates a bankruptcy "estate" comprised of all of the property interests of the Debtor. Unless a trustee is appointed by the Bankruptcy Court for cause (no trustee has been appointed in the Chapter 11 Case), a Debtor remains in possession and control of all its assets as a "Debtor in Possession." The Debtor may continue to operate its business in the ordinary course on a day-to-day basis without Bankruptcy Court approval. Bankruptcy Court approval is only required for various enumerated kinds of transactions (such as certain financing transactions) and transactions out of the ordinary course of a Debtor's business. The filing of the bankruptcy petition gives rise to what is known as the "automatic stay" which, generally, enjoins creditors from taking any action to collect or recover obligations owed by a debtor prior to the commencement of a Chapter 11 case. The Bankruptcy Court can grant relief from the automatic stay under certain specified conditions or for cause.

The Bankruptcy Code authorizes the creation of one or more official committees to protect the interests of some or all creditors or interest holders. The fees and expenses of counsel and other professionals employed by such official committees and approved by the Bankruptcy Court are generally borne by a bankruptcy estate. One official committee, The Committee of Unsecured Creditors (the "Committee"), has been appointed in this Chapter 11 Case.

A Chapter 11 debtor emerges from bankruptcy by successfully confirming a plan of reorganization. Alternatively, the assets of a debtor may be sold and the proceeds distributed to creditors through a plan of orderly liquidation, such as the Plan submitted with this Disclosure Statement. A plan may be either consensual or non-consensual and provide, among other things, for the treatment of the claims of creditors and interests of shareholders and holders of options or warrants. The provisions of the Debtor's Plan are summarized below.

D. Plan Overview

The following is a brief overview of the material provisions of the Plan and is qualified in its entirety by reference to the full text of the Plan. The Plan is a plan of orderly liquidation and provides for the distribution of the proceeds from the Debtor's liquidation of its remaining assets (as discussed below).

The Plan provides for the classification and treatment of Claims against and Interests in the Debtor. The Plan designates three (3) Classes of Claims and one (1) Class of Interests. These Classes and Plan treatments take into account the differing nature and priority under the Bankruptcy Code of the various Claims and

Interests. Pursuant to the Plan, the Debtor will be would down and its assets liquidated by an Estate Representative. The Plan appoints Edward P. Bond, CPA as Estate Representative. Mr. Bond is an experienced bankruptcy professional, having served as Bankruptcy Trustee and Liquidating Trustee in many cases.

Administrative claims are not classified under the Plan. Administrative expense claims include all Allowed Claims for professional fees, incurred during the administration of the within Chapter 11 Bankruptcy Case, all unpaid expenses of operating the Debtor during this Bankruptcy Case and all other Allowed Claims under 11 U.S.C. 503. All Allowed Administrative Claims shall be paid in full either upon the Effective Date of the Plan, or on such other terms as shall be agreed between the Debtor, the Liquidating Trustee and the administrative creditor.

Summary of Classification and Treatment of Claims and Interests Under the Plan

CLASS ONE consists of creditors entitled to priority under Section 507 of the Bankruptcy Code. In this case, priority claims would include any priority claims of taxing authorities and any priority wage claims. The Debtor does not believe that there will be a significant amount of priority claims against the within Bankruptcy Estate. Priority Claims shall be paid in full, on the Effective Date of the Plan, or as agreed upon between the Debtor, the Liquidating Trustee and priority creditors.

CLASS TWO consists of the secured claim of JPMorgan Chase. The Debtor and JPMorgan Chase entered into a Final Cash Collateral Order pursuant to which the Debtor acknowledged the validity and extent of the JPMorgan Chase secured claim against the assets of the within Bankruptcy Estate. At the time of the filing of the Chapter 11 Petition,

the secured claim of JPMorgan Chase was in the approximate amount of \$2.8 million. During the course of the within Chapter 11 proceeding, the indebtedness to JPMorgan Chase has been substantially reduced. The Debtor had expected that the entire indebtedness to JPMorgan Chase would have been satisfied prior to the Effective Date of the Plan. The indebtedness has been reduced from approximately \$2.8 million to approximately \$500,000.00. Unfortunately, because of nonpayment by the Debtor's clients and other factors, it appears unlikely that the indebtedness due to Chase will be satisfied in full on or before the Effective Date. The Plan provides that Chase will be impaired under the Plan and the Debtor will continue to make payments pursuant to the Final Cash Collateral Order entered September 10, 2015 and amendments thereto, until the indebtedness of JPMorgan Chase, with all fees, costs and expenses has been paid in full.

CLASS THREE consists of the holders of unsecured claims against the within Bankruptcy Estate. Creditors in Class Three are those creditors who do not hold administrative, secured or priority claims against the within Bankruptcy Estate. The Debtor's Schedules of Assets and Liabilities listed unsecured claims in excess of \$20 million against the within Bankruptcy Estate. Creditors are in the process of filing Proofs of Claim against the within Bankruptcy Estate. The filed and scheduled claims will be reviewed by the Debtor and the Liquidating Trustee. The Allowed Unsecured Claims of Creditors shall be paid a pro rata share of the Net Estate Assets, as determined by the Estate Representative, pursuant to the Plan. It is anticipated that the Net Estate Assets shall consist of funds remaining after the payment of administrative, priority and secured claims and certain reserves for the expenses of the Liquidating Estate. Because the recoveries on claims to be asserted by the Debtor are uncertain, the Debtor is unable at this time to

estimate the potential dividend to Class Three unsecured creditors.

CLASS FOUR consists of the holders of equity interests of the Debtor. Upon the Effective Date of the Plan, all assets of the Debtor will be liquidated and distributed to creditors in Classes One, Two and Three. Holders of Equity Interests in Class Four shall receive no distribution under the Plan.

1. **Time and place of Confirmation Hearing.** The hearing at which the Court will determine whether to confirm the Plan will take place on _____, _____ at _____ a.m./p.m. in Courtroom ____, 50 Walnut Street, 3rd Floor, Newark, New Jersey 07102.

2. **Deadline for voting for or against the Plan.** If you are entitled to vote, it is in your best interest to timely vote on the enclosed ballot and return the ballot in the enclosed envelope to:

By First Class Mail

BMC Group
Attn: ZGA Ballot Processing
PO Box 90100
Los Angeles, CA 90009

By Overnight or Hand Delivery

BMC Group
Attn: ZGA Ballot Processing
300 N. Continental Blvd., #570
El Segundo, CA 90245

Your ballot must be received by _____ or it will not be counted (the “Voting Deadline”).

3. **Deadline for objecting to confirmation of the Plan.** Objections to the confirmation of the Plan must be filed with the Court and served upon Wasserman, Jurista & Stolz, P.C., Attention: Daniel M. Stolz, Esq., Counsel for the Debtors, dstolz@wjslaw.com, 110 Allen Road, Suite 304, Basking Ridge, New Jersey 07920 by

_____ (the “Objection Deadline”).

4. **Identity of person to contact for more information regarding the Plan.**

Any interested party desiring further information about the Plan should contact Wasserman, Jurista & Stolz, P.C., Attention: Daniel M. Stolz, Esq., Counsel for the Debtors, dstolz@wjslaw.com, 110 Allen Road, Suite 304, Basking Ridge, New Jersey 07920, (973) 467-2700.

5. **Financial Data Disclaimer.** The financial data relied upon in formulating the Plan is based upon the Debtor’s books and records and was not audited. The information contained in this Disclosure Statement is provided by the Debtor. The Debtor represents that everything stated in the Disclosure Statement is true to the best of its knowledge as of the date hereof.

PLEASE NOTE THAT THE APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A RULING ON THE MERITS, FEASIBILITY, OR DESIRABILITY OF THE PLAN.

III. BACKGROUND

A. Description and History of the Debtor’s Business

Zucker, Goldberg & Ackerman, LLC (hereinafter the “Debtor” or “ZGA”) is a New Jersey Limited Liability Company with its primary offices at 200 Sheffield Street, Suite 101, Mountainside, New Jersey. ZGA was formed in 1923 as Zucker & Goldberg. ZGA has operated a law firm primarily engaged in the representation of lenders and secured parties in foreclosure matters, insolvency proceedings, and related matters. The sole members of ZGA are Michael S. Ackerman, Esq. and Joel Ackerman, Esq. Michael S.

Ackerman is the managing member of ZGA.

Prior to the Chapter 11 filing, ZGA was handling in excess of 40,000 active files. At one time, ZGA was handling in excess of 40% of the pending foreclosure cases in the State of New Jersey, as well as foreclosure cases in Pennsylvania and bankruptcy cases throughout the State of New Jersey and Pennsylvania. For the calendar year 2014, ZGA generated gross revenue in the amount of \$31,591,746.45. Prior to the Chapter 11 filing, ZGA had approximately 350 employees.

B. Events Leading to Chapter 11 Filing.

As ZGA grew, it developed innovative systems and procedures for the handling of a large volume of foreclosure cases. These procedures allowed ZGA to handle cases more efficiently and expeditiously than their competitors. As a result, many of the largest lenders placed a huge volume of foreclosure cases with ZGA. Among the largest clients of ZGA were Wells Fargo, Bank of America, Chase Home Mortgage, Select Portfolio and Nationstar.

At one time, ZGA not only handled foreclosure matters for their clients, but also provided title searches through its trade name, Yankee Title. Several years prior to the Chapter 11 filing, many of ZGA's clients ceased using Yankee Title for title searches and required ZGA to enter into agreements with a national title firm for searches. ZGA suggested that the clients deal directly with this national title firm, but the clients rejected that suggestion.

Prior to 2009, the time period between opening a foreclosure file and concluding a foreclosure sale averaged approximately 250 days. Because of this fairly rapid and

uncomplicated process, ZGA was able to operate profitably, even with the relatively small fee paid by their clients for the foreclosure legal services. During those years, ZGA also frequently served as the “bank” for its clients, fronting the funds for title work, process serving, title policies, etc. and being reimbursed thereafter by their clients.

Beginning in approximately 2008, there was upheaval in the real estate and banking marketplace. This resulted in unprecedented increases in the number of foreclosure cases. Statewide foreclosure actions nearly tripled from 24,826 in 2006 to 65,570 in 2009. In New Jersey, which is known as a “judicial state”, where foreclosure proceedings must go through the court system, the courts of the State of New Jersey were not prepared for the rapid increase in the number of foreclosure cases and were unable to process those cases expeditiously. As a result, the time period between initiation of a foreclosure action and sale, which had averaged approximately 250 days, rose to approximately 1,000 days for an uncontested residential foreclosure.

Since ZGA did not traditionally get paid the bulk of their fees until judgment was entered or a sale conducted, the backlog in the court system had a severe impact on ZGA and its cash flow. Requests by ZGA to its clients for increases in fees and other financial accommodations were rather uniformly rejected.

Adding to ZGA’s difficulties were rulings by the New Jersey Courts finding that the notices issued by Lender Clients regarding the commencement of foreclosure actions were deficient and the ruling of the New Jersey Supreme Court finding many servicers committed what has become known as “Robo Signing”. Because of these faulty practices by the Lender Clients, the New Jersey Supreme Court actually stayed all foreclosure cases for a period of time and the foreclosure process in New Jersey substantially ground to a

halt. In 2011 only 11,058 new foreclosure cases were commenced statewide and in 2012 the number had only risen to 20,370. None of these deficiencies were caused by actions of ZGA, but rather by its Lender Clients. Again, when ZGA sought financial relief from their clients, its requests were rejected.

ZGA sent their Lender Clients recommendations with regard to compliance with the requirements imposed by the New Jersey Courts and urged the clients to proceed rapidly. Unfortunately, the clients were very slow to implement procedures to allow pending cases to move forward. At the same time, the Lender Clients insisted that ZGA continue to open new files and draft complaints with regard to an increasing volume of loans that were in default. Additionally, Lender Clients required that ZGA report on the status of its new and pending cases regardless of whether the client was able to move these cases or not.

To deal with the financial and cash flow damage being inflicted on it, ZGA commenced borrowings under a secured credit line with J.P. Morgan Chase ("Chase"). Michael Ackerman also began to loan funds to ZGA to allow for the payment of essential operating expenses. Ultimately, Michael Ackerman loaned ZGA in excess of \$6 million. Notwithstanding the foregoing cash infusions, the trade debt to title companies, process servers and other vendors began to grow rapidly.

Despite the obstacles being faced by ZGA, management believed that those obstacles could be overcome. This belief was partly based upon the success of management of ZGA in overcoming prior adversities which had faced the company.

In the mid 1980s, ZGA primarily represented thrifts, who were paying a fee of approximately \$1,600.00 per foreclosure case. These thrifts started asking ZGA and its

competitors to be paid Fannie Mae rates of approximately \$650.00 per case. While many competitors left the field because they could not operate profitably at those rates, ZGA implemented processes to allow ZGA to operate more efficiently and expeditiously, to cut costs and allow ZGA to continue to operate profitably.

In the early 1990s, the Resolution Trust Corporation (RTC) took over most of the thrifts in an 18 month period. As a result, the flow of new files from thrifts slowed to approximately 40 files per month. To deal with this crisis, Michael Ackerman traveled to all of the major national mortgage companies, soliciting their business and highlighting the innovative processes which ZGA had implemented. As a result, ZGA began to replace the thrift business with a large volume of business from the national mortgage companies.

As a result of the real estate crisis in the early 1990s, by 1995 timelines of foreclosure cases had started to backup to approximately 650 days. Freddie Mac implemented a designated attorney program and asked attorneys to shorten the timeline to less than 300 days. As a result, ZGA began to lose substantial market share in the industry. ZGA implemented new procedures and processes which allowed ZGA to complete the foreclosure process in approximately 200 days, resulting in an increased market share for ZGA.

As a result of these past successes in overcoming adversity, ZGA was optimistic that it could implement procedures to overcome the “double whammy” of the court bottleneck in foreclosures and the clients’ significant delay in complying with the new requirements imposed by the New Jersey Courts. As a result of this “double whammy”, the foreclosure process in New Jersey had essentially ground to a halt during 2011 and 2012.

By early 2013, the clients had remedied many of the deficiencies in their foreclosure process. Michael Ackerman of ZGA got together with others in the industry and went to the clients, requesting that clients increase fees, accelerate payments, and reimburse for costs. While the clients, in many instances, would not make these changes with regard to pending files, the clients agreed to these changes, increasing the fee almost threefold with regard to new matters referred to ZGA.

In 2013, ZGA was handling approximately 45,000 foreclosure cases. ZGA's timeline on foreclosure cases was better than their competitors by almost 50%. Management of ZGA was confident that with their innovative procedures, they could increase their market share even further with regard to new profitable matters which would be referred by clients.

In 2013, law firms began to file contesting answers to foreclosure complaints more regularly and ZGA was forced to create a new litigation department to handle these contested matters. This litigation work was profitable, as ZGA was entitled to charge the client on an hourly basis for these services. The extra income from the litigation department, the costs savings through these new procedures, and the new work being forwarded to ZGA by the clients brought ZGA to basically a break even for the year 2013.

Unfortunately, during 2013, major lenders began to dump huge portfolios of underperforming loans, through discounted sales to specialty servicers. Again, Michael Ackerman traveled to each of these specialty servicers, highlighting ZGA's knowledge of the marketplace, innovative procedures, and quality of product. Slowly, ZGA began to become an approved firm for most of these specialty servicers. Initially, the representatives of these specialty servicers whom Michael Ackerman met with indicated they would agree

to send a large percentage of their work to ZGA.

Unfortunately, senior management of the specialty servicers began demanding aged inventory reports from law firms. Because of the failure of ZGA's major lender clients to rapidly comply with the Court imposed requirements in New Jersey, ZGA's inventory consisted mainly of older cases. Despite Michael Ackerman's attempt to explain the reason for this aging to the specialty servicers, ZGA began to lose substantial market share. Much of the work went to law firms that had low market share in the foreclosure marketplace, and therefore did not have aging issues with regard to inventory. In addition to the foregoing, the specialty servicers decided to require that ZGA manually enter statuses with regard to pending files and any "holds" placed on those files to be input into their systems. This created a new bottleneck and prevented ZGA from reducing staff, because of the time and labor consuming nature of these requirements. Of course, the specialty servicers did not pay ZGA for these services.

While many of the efforts of ZGA to deal with the foregoing circumstances had met with success, in mid 2015, management of ZGA realized that they were quickly running out of time and funds. Many of the vendors, who had previously been patiently been awaiting payment of outstanding sums, began to press ZGA more aggressively for payment and threatened to withhold future services if payments on past accounts were not made. Having run out of time and money, ZGA had no choice but to seek orderly liquidation of its business, through Chapter 11.

As a result of the foregoing, on or about June 22, 2015, ZGA sent notice to its employees that their employment would be terminated 60 days thereafter. ZGA also informed all of its Lender Clients that ZGA would be accepting no new files and would be

finishing out work on the pending matters and ceasing operations. ZGA also provided similar notice to its larger vendors.

IV. SIGNIFICANT EVENTS SINCE THE CHAPTER 11 FILING

On August 3, 2015, ZGA filed a Voluntary Petition under Chapter 11 of Title 11 of the United States Code. ZGA has been certified as a Debtor-in-Possession, and remains in possession and control of its assets. This Chapter 11 case has been assigned to the Honorable Christine M. Gravelle, United States Bankruptcy Judge.

The Debtor has retained the firm of Wasserman, Jurista & Stolz, P.C. as its bankruptcy counsel. The Debtor has also hired Brown, Moskowitz & Kallen, P.C. as special litigation and ethics counsel. The Debtor has hired the firm of Getzler Henrich & Associates, LLC as financial consultants and the firm of Sobel & Company, LLC as tax advisors.

The Office of the United States Trustee has formed an Official Committee of Unsecured Creditors (the "Committee"). The Committee has retained the firm of McCarter & English as its counsel.

Prior to the Chapter 11 filing, all of the Debtor's assets were subject to a secured claim and lien held by JPMorgan Chase ("Chase"). The Debtor had been in default under the Chase Loan Agreements and had entered into a series of Forbearance Agreements with Chase that ratified the validity of the loan, security and indebtedness, and, subject to certain conditions and payments, provided for Chase to forbear from exercising its remedies upon default.

At the time of the Chapter 11 filing, the Debtor was indebted to Chase in the approximate amount of \$2,850,000.00. After input from the Creditors' Committee and other parties, the Debtor entered into a Final Cash Collateral Order with Chase; which was approved by the Court by Order dated September 11, 2015.

Pursuant to the Cash Collateral Order, the Debtor has made payments to Chase during the Chapter 11 proceeding, reducing the secured indebtedness from approximately \$2,850,000.00 to approximately \$500,000.00.

During the course of this Chapter 11 case, the Debtor has reduced its employee base from approximately 350 employees to 15 employees, as of November 30, 2015. At yearend 2015, the Debtor terminated all employees and is retaining any personnel needed for the ongoing wind-down and liquidation as private contractors, rather than employees. By way of this step, the Debtor will be eliminating substantial costs such as health insurance, etc.

The Debtor has further surrendered a large portion of the space that it had rented at 200 Sheffield Street, Mountainside, New Jersey. A dispute had arisen with regard to the Debtor's ongoing responsibility to pay rent for that premises and whether the lease is divisible or not. The Debtor engaged in negotiations and discussions with its Landlord and has reached agreement with the Landlord to provide for a significantly reduced monthly rental, until all space is vacated.

During the course of this Chapter 11 case, the Debtor has transferred approximately 30,000 cases to substitute counsel, pursuant to instructions from the Debtor's lender clients. The Debtor has further obtained judgments on its remaining files, where the clients wished

the Debtor to continue providing services and is in the process of preparing final bills for its clients. It is anticipated that by the date this Disclosure Statement is approved, the Debtor will have generated final bills to all clients.

As of the Petition Date, the Debtor's accounts receivable totaled \$8,268,180.51. During the course of this Chapter 11 case, the Debtor has generated new accounts receivable totaling \$4,231,407.47. As of November 22, 2015, the remaining pre-petition and post-petition account receivable totaled \$8,332,661.44.

Unfortunately, for a variety of reasons, the Debtor's clients have not submitted timely payment of amounts due. As the Debtor is a law firm, under applicable New Jersey Law, before the Debtor can institute an action to collect sums due from its clients, it must send its clients what are known as "Pre-Action Letters" providing the clients with a thirty day opportunity to request free arbitration. On November 12, 2015, the Debtor issued letters to all of its clients, with the exception of those clients for whom ongoing services were being performed, providing for a thirty day opportunity for the clients to request fee arbitration. If the clients do not request fee arbitration within that period of time, the Debtor intends to commence actions against the former clients to collect outstanding amounts due.

As should be apparent, the collection of even a substantial portion of the Debtor's outstanding accounts receivable, will provide sufficient funding to satisfy the indebtedness to Chase and to provide significant proceeds for distribution to Class Three Unsecured Creditors.

Because of the complexity of the issues regarding the collection of accounts

receivable and the potential defenses and counterclaims which may be asserted by the clients, the Debtor will need to assure that employees knowledgeable with regard to the dealings with clients are available and that all records with regard to accounts receivable are preserved. The Debtor will also have to attend to a myriad of other issues associated with the closing of the law firm and termination of its business.

The Debtor, in consultation with the Creditors' Committee, will attempt to reduce the costs of the wind down process to the extent possible, to maximize the funds available for creditors. It is presumed that the Estate Representative will continue this process after the Plan is confirmed by the Court.

Other Assets Available for Distribution to Creditors

The Debtor has retained an auctioneer and sold its excess machinery and equipment for gross proceeds of approximately \$26,000.00.

The Debtor retains funds in its IOLTA Trust Account. While those funds may be the property of clients, the Debtor is currently withholding those funds, pending resolution of amounts owed to the Debtor by such clients. It is uncertain whether any of the funds in the IOLTA account will remain with the Debtor's Estate and available for distribution to creditors. The Debtor maintains a malpractice insurance policy with a maximum coverage of \$5 million. It is unclear whether there would be coverage under that malpractice policy for creditors, as opposed to clients of the Debtor. Therefore, it is uncertain whether any of the proceeds of the malpractice policy would be available for distribution to creditors of this Estate.

It is possible that the Bankruptcy Estate may hold significant claims against parties

for what are known as “avoidable transfers”, such as preferential payments and fraudulent conveyances. At present, it is impossible to know the magnitude of these claims and the likelihood that there will be recoveries thereunder.

Under the Plan of Reorganization, Edward P. Bond, CPA, is being appointed as the Estate Representative. The Estate Representative, who is independent, will have the obligation to investigate and pursue all potential avoidance claims.

Potential Trust Claims Against the Bankruptcy Estate

ServiceLink NLS, LLC (“ServiceLink”) and DGR Subpoena & Messenger Service, Inc. (“DGR”) have indicated that they may assert that amounts paid to the Debtor by clients which represented payment for services rendered by ServiceLink and DGR did not become property of the Bankruptcy Estate and may be subject to either express or constructive trust claims by those parties. No trust claim has as yet been asserted by ServiceLink or DGR. In the event that ServiceLink, DGR or any other party asserted a trust claim against the Bankruptcy Estate, the Debtor would intend to vigorously contest and defend such a claim. Obviously, should a trust claim be sustained against the Estate, that would diminish the funds available for payment to unsecured creditors.

Unsecured Creditor Claims

December 8, 2015 was the deadline for creditors to file Proofs of Claim in this Case. Proofs of Claim were filed totaling approximately \$25 million. A significant portion of those claims will be contested by the Debtor or the Estate Administrator. The Debtor is unable at this time to estimate the total amount of unsecured claims which will be allowed after review and contest.

V. SUMMARY OF THE PLAN OF REORGANIZATION

A. Nature of the Plan

This Plan of Reorganization is what is commonly known as an “Plan of Orderly Liquidation”. Pursuant to Section 1141 of the Bankruptcy Code and Section 727 (a) of the Bankruptcy Code, a Limited Liability Company, such as ZGA, does not receive a discharge of its debts under a Plan of Orderly Liquidation. The Plan filed herein does not provide for a discharge of the debts due to creditors.

Instead, unsecured creditors will receive a pro rata distribution of the net funds available after all assets have been liquidated and all secured, administrative and priority claims have been paid in full. Unfortunately, because Debtor anticipates that clients owing accounts receivable will contest their obligation to pay such account receivable, the funds that will be available for distribution is uncertain at the present time.

The Debtor believes that administrative claims and creditors in Classes One and Two will be paid in full under the Plan.

While all claims against the Debtor have not yet been filed, the Debtor believes that claims in Class Three Unsecured Creditors will total between \$20 and \$30 million. These claims accrued over a period of many years, some creditors actually hold smaller claims than they held several years ago.

The gross accounts receivable of ZGA at the time of confirmation of this Plan is estimated to be approximately \$8 million. ZGA has sent letters to their former clients demanding payment of outstanding billings and providing former clients with an opportunity to seek arbitration with regard to the fees, in accordance with New Jersey Law.

Should the former clients decline the opportunity for arbitration, ZGA will commence suit in the Bankruptcy Court to collect all fees. ZGA anticipates that the former clients will assert defenses and offsets and that litigation with the clients may be difficult and a time consuming process. Management of ZGA is committed to pursuing collection efforts to a conclusion, to ensure the largest possible dividend for Class Three Unsecured Creditors.

B. Means of Effectuating the Plan

1. Funding of the Plan. The Plan of Orderly Liquidation will primarily be funded by collection of accounts receivable and recoveries under potential causes of action. As of the Effective Date of this Plan, the Debtor projects that its pre-petition and post-petition accounts receivable should total approximately \$8 million. Set forth below is an aging of the accounts receivable.

While the Debtor believes that all accounts receivable are valid and duly owing by the clients, it is anticipated that many former clients will assert defenses and offsets when pressed for payment. It is anticipated that litigation will be commenced against those former clients who have not paid accounts receivable prior to the Effective Date of the Plan. It is anticipated that the Estate Representative will continue the pursuit of such litigation subsequent to the Effective Date of the Plan.

2. Delegation of claims to Estate Representative. Edward P. Bond, CPA shall be designated the Estate Representative, to pursue all claims the Debtor has reserved under the Plan. The Order of Confirmation shall delegate to the Estate Representative consistent with 11 U.S.C. §1123 and The Official Committee Ex Rel. Cybergenics v. Chinery, 330 F.3d 548 (3d Cir. 2003), the right to bring all claims reserved to the Debtor under the Plan,

including claims under 11 U.S.C. §§ 510, 544, 545, 546, 547, 548, 549, 550 and 551. The disposition of any net proceeds from the pursuit of claims shall be treated in the manner set forth with regard to the treatment of Creditors under this Plan.

The Estate Representative shall be entitled to retain such professionals that he deems necessary to aid in the administration of the Liquidating Estate. The Estate Representative shall not be entitled to retain professionals who have performed services on behalf of the Debtor or the Debtor-in-Possession with regard to what are known as “insider claims”. Similarly, the Estate Representative shall not be entitled to retain professionals who have performed services on behalf of the Creditors’ Committee or its members with regard to matters in which the Committee or its members have involvement. The Estate Representative shall not be required to obtain court approval for any post Effective Date retentions, and shall be entitled to pay such professionals in the ordinary course, subject to the right of the post-confirmation committee to review all billings.

3. Post Confirmation Management. The Estate Representative shall be responsible to supervise the post-petition management of the Debtor and the Liquidating Estate. The Estate Representative shall be entitled to employ individuals, including individuals that formerly were employed by the Debtor, to the extent necessary and appropriate. Under the Plan, a post-confirmation committee shall be formed, to supervise the activities of the Estate Representative, and to consult with the Estate Representative with regard to relevant matters.

Edward P. Bond, CPA, CFE, CIRA, is a recognized expert in the field of bankruptcy and bankruptcy accounting. Mr. Bond heads the bankruptcy department at the accounting firm of Bederson, LLP. Mr. Bond served for two years as the President of the New Jersey

State Board of Accountancy. He has been involved in literally thousands of bankruptcy cases over the last 40 plus years. Mr. Bond has served as a bankruptcy trustee, liquidating trustee, examiner, and other capacities in large, medium and small bankruptcy cases in New Jersey and throughout the Country.

The Estate Representative shall serve as the Disbursing Agent and shall make all distributions provided under the Plan. The Disbursing Agent shall serve without bond, and shall receive compensation for distribution services rendered and expenses incurred pursuant to the Plan.

4. **Preservation of Records.** ZGA has a long standing relationship with 4S Technologies, LLC. Michael and Joel Ackerman hold an ownership interest in 4S Technologies, LLC, which operates at the same location as ZGA. For many years, 4S Technologies has provided technical services to ZGA to assist in the operation of its business. ZGA has entered into an agreement with 4S Technologies, LLC, whereby 4S Technologies shall maintain all of the Debtor's records on its computer servers and make such records and information accessible by ZGA, the Estate Representative and other parties subsequent to the Effective Date of the Plan. Management of 4S Technologies is familiar with the Debtor's records and will provide these services at or below market rates. Preservation of the records is not only essential for administration of the bankruptcy estate, but also with regard to ZGA's ethical duties to its former clients.

C. Executory Contracts and Unexpired Leases.

The Plan provides that all Executory Contracts and Unexpired Leases not previously assumed or rejected by the Debtor prior to the Effective Date shall be deemed rejected by

the Debtor under this Plan.

The Order of the Court confirming the Plan shall constitute an Order approving, as of the Effective Date, the rejection of each lease and contract that has not been previously assumed. If you are a party to a lease or contract to be rejected, and you object to the rejection of your lease or contract, you must file and serve your objection to the proposed rejection within the Objection Deadline fixed by the Court for objections to confirmation of the Plan.

All proofs of claim with respect to claims arising from the rejection of an Executory Contract or Unexpired Lease must be filed within the Bankruptcy Court within the earlier of (i) the date set forth for filing claims in any Order of the Bankruptcy Court approving such rejection, or (ii) thirty days after the Confirmation Date. Any such claims, proofs of which are not filed timely, will be forever barred from participating in any distribution under the Debtor's Plan.

D. Tax Consequences of the Plan.

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

The Debtor has not requested any ruling from the Internal Revenue Service or any other taxing authority with respect to the federal or state income tax consequences of the Plan, or obtained any opinion of counsel. The Debtor offers no statements or opinions that are to be relied upon by 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 equity interest. The tax consequences to creditors and interest holders will differ and will depend on factors specific to each creditor or interest holder.

The Debtor is a Limited Liability Company. Pursuant to §1141 and §727(a) of the Bankruptcy Code, the Debtor shall not be receiving a discharge of its indebtedness. Based upon the foregoing, the Debtor does not believe that confirmation of the Plan will have a tax impact on the Debtor or the bankruptcy estate.

E. Information of Reporting and Backup Withholding.

Payments in respect of claims under this Plan may be subject to applicable information reporting and backup withholding. Backup withholding of taxes will generally apply to payments in respect to a claim under the Plan if the holder of such claim fails to provide an accurate taxpayer identification number or otherwise fails to comply with the applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against the holder's U.S. Federal income tax liability and a holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS.

F. Risk Factors.

This Disclosure Statement contains projections with respect to the orderly liquidation of the Debtor's assets. There could be no assurance that any assumptions contained in this Disclosure Statement are accurate or will be successfully concluded. Projections, by nature, are based upon future events which could not be predicted with

accuracy and there is no assurance that the necessary funds can or will be obtained. Each creditor and interest holder and each of their respective advisors must carefully read and consider the assumptions which are part of the projections in determining whether to vote for or against the Plan.

G. Post-Confirmation Conversion/Dismissal.

A creditor or party in interest may bring a motion to convert or dismiss this case under §1112(b), after the Plan is confirmed, if there is a default in performance of the Plan, or if cause exists under §1112(b). If the Court orders the case converted to Chapter 7 after the Plan is confirmed, then all property that has been property of the Chapter 11 estate and has not been disbursed pursuant to the Plan will revert in the Chapter 7 estate, and the automatic stay will be reimposed upon the reverted property only to the extent that relief from the stay was not previously granted during the case. If this Case is converted to Chapter 7 after confirmation, all Chapter 11 administrative expense claims shall retain their Chapter 11 administrative expense status for distribution in Chapter 7.

H. Post-Confirmation Quarterly Fees.

Quarterly fees pursuant to 28 U.S.C. §1930(a)(6) continue to be payable to the Office of the United States Trustee post-confirmation until such time as the case is converted, dismissed or closed pursuant to a final decree.

I. Fractions of Cents.

Notwithstanding any provision of the Plan to the contrary, no payments or fractions of cents will be made. Whenever any payment of a fraction of a cent would otherwise be called for, the actual payment shall reflect the rounding down of such fraction to the nearest

whole cent.

J. Payment of Less than \$50.

Notwithstanding any provision in the Plan to the contrary, no payment shall be made on account of such an allowed claim, if the cash payment otherwise provided for in this Plan with respect to allowed claim would be less than \$50.

K. Setoff.

The Estate Representative may, but shall not be required to, set off any claim and the payment to be made pursuant to this Plan with respect to such claim, claims of any nature whatsoever the Debtor or the Liquidating Estate may have against the claimant, but neither the failure to do so, nor the allowance of a claim hereunder, may constitute a waiver or release by the Chapter 11 Estate or the Estate Representative of any claim it may have against the claimholder.

L. Other Provisions of the Plan.

1. **Retention of Jurisdiction.** The Court will retain jurisdiction and implement the Plan as provided in the Plan.

2. **Procedures for Resolving Contested Claims.** The Debtor and/or the Estate Representative shall have 60 days subsequent to the Confirmation Date to object to the allowance of claims, which deadline may be extended by the Court upon proper application. The Debtor has reviewed the claims that have been filed. The Debtor intends to object or request that the Estate Representative object to various claims.

3. **Effective Date.** The Effective Date of the Plan shall be the first business day on which all of the conditions to the Effective Date specified in the Plan have been satisfied or

waived in accordance with the terms of the Plan. Debtor shall file with the Court a Notice of the occurrence of the Effective Date.

4. **Modification.** Only the Debtor may alter, amend, or modify the Plan at any time prior to the Confirmation Date, and thereafter as provided in §1127(b) of the Bankruptcy Code.

5. **Conditions to the Effective Date.** The Plan shall not become effective unless and until the conditions set forth in the Plan have been satisfied or waived by the Debtor, in writing, filed with the Bankruptcy Court. The Effective Date shall not occur until the Confirmation Order shall have been entered on the docket in the Chapter 11 case and shall have become a final order and all documents, agreements and instruments necessary to consummate the Plan on the Effective Date shall have been executed and delivered by the parties thereto in the form and substance reasonably satisfactory to the Debtor and all of the actions required to be taken in connection with the Effective Date have occurred.

VI. CONFIRMATION REQUIREMENTS AND PROCEDURES

Persons or entities concerned with confirmation of this Plan should consult with their own attorneys because the law on confirming a Plan of Reorganization is very complex.

Many requirements must be met before the Court can confirm a Plan. Some of the requirements include that the Plan must be proposed in good faith, that impaired creditors or interest holders shall have accepted the Plan, that the Plan pays creditors at least as much as creditors would receive in a Chapter 7 liquidation, and that the Plan is feasible. These requirements are not the only requirements for confirmation.

A. Who May Vote or Object.

Any party in interest may object to confirmation of the Plan, but as explained below, not every creditor is entitled to vote to accept or reject the Plan. For example, only impaired creditors or equity holders may vote to accept or reject this Plan. Under the Plan, Classes One and Two are not impaired and are therefore deemed to have voted to accept the Plan. Class Three and Four creditors are impaired and may vote to accept or reject the Plan.

B. What is an Allowed Claim/Interest.

As noted above, a creditor interest holder must first have an allowed claim or interest or have a right to vote. Generally, any proof of claim or interest will be allowed, unless a party in interest brings a motion to object to the claim. When an objection to the claim or interest is filed, the creditor or interest holder holding the claim or interest cannot vote unless the Court, after a notice and a hearing, either overrules the objection or allows the claim or interest for voting purposes.

A creditor or interest holder may have an allowed claim or interest, even if a proof of claim or interest was not timely filed. A claim is deemed allowed if (i) it is scheduled on the Debtor's Schedules and such claim is not scheduled as disputed, contingent or unliquidated, and (ii) no party in interest has objected to the claim as it is scheduled.

As noted above, an allowed claim or interest only has a right to vote if it is in a class that is impaired under the Plan. A class is impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class. For example, a class comprised of general unsecured claims is impaired if the Plan fails to pay the member of that class in full on the

Effective Date of the Plan.

C. Votes Necessary to Confirm the Plan.

If impaired classes exist, the Court cannot confirm the Plan unless (i) unless one impaired class has accepted the Plan without counting the votes of any insiders within that class, and (ii) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by “cram down” on non-accepting classes, as discussed subsequently herein.

A class of claims is considered to have accepted the Plan when more than one-half in number and at least two-thirds in dollar amount of the allowed claims in that class that actually voted, voted in favor of the Plan. A class of interest is considered to have accepted the plan when at least two-thirds in amount of the allowed interest holders of such class, which actually voted, voted to accept the Plan. Any ballot that is executed by the holder of an allowed claim or interest, but does not indicate an acceptance or rejection of the Plan, shall be deemed to be an acceptance of the Plan.

D. Treatment of Non-Accepting Classes.

As noted above, even if all impaired classes do not accept the proposed Plan, the Court may nonetheless confirm the Plan, if the non-accepting classes are treated in the manner required by the Code. The process by which non-accepting classes are forced to bound by the terms of the Plan is commonly referred to as “cram down”. The Code allows the Plan to be “crammed down” on non-accepting classes of claims or interests if it meets all consensual requirements except the voting requirement of §1129(a)(8) and if the Plan does not “discriminate unfairly” and is “fair and equitable” towards each impaired class

that has voted to accept the Plan as referred to in 11 U.S.C. §1129(b) and applicable case law.

E. Liquidation Analysis.

Another requirement for confirmation of the Plan is the “best interest test”, which requires an analysis of the value received in a potential Chapter 7 liquidation as opposed to the value to be received by creditors under the Plan.

In a Chapter 7 case, a Chapter 7 Trustee is appointed. The Chapter 7 Trustee is permitted to retain attorneys, accountants and other professionals. The Trustee is paid a commission, based upon all funds that he disburses and the professionals retained by the Trustee are entitled to be paid before any other creditor receives payment.

Because a Chapter 7 Trustee would be unfamiliar with the Debtor’s business and assets, there would be a huge “learning curve” for the Chapter 7 Trustee to be able to administer the Chapter 7 estate. The Debtor believes that this learning curve would be extraordinarily expensive and time consuming and these efforts would diminish and delay distributions to creditors.

The Debtor also believes that a Chapter 7 Trustee could not administer the bankruptcy estate as effectively and efficiently as the Estate Representative, with the assistance of management of the Debtor and the input of the Post-Confirmation Committee.

Based upon the foregoing, it is the Debtor’s belief that the distribution to creditors under this Plan of Reorganization would be substantially in excess of any distribution that the creditors would receive under a Chapter 7 liquidation, and further that the distribution to creditors will be forthcoming much sooner than any distribution under a case in Chapter

7. Since the Plan provides for a better return to substantially all creditors, the Debtor submits that the Plan satisfies the “best interest test”.

F. Feasibility.

Since this Plan is a Plan of orderly liquidation, the feasibility test is largely not applicable to the within Plan. Were the Debtor to be reorganizing, the Court would need to be persuaded that the reorganization was feasible.

VII. EFFECT OF CONFIRMATION OF PLAN

A. Discharges and Releases.

Zucker, Goldberg & Ackerman, LLC is a limited liability company. Pursuant to the Plan, all assets of ZGA are to be liquidated and the proceeds thereof distributed to creditors. Pursuant to 11 U.S.C. §1141(d)(3), the confirmation of a plan does not discharge a debtor if the plan provides for the liquidation of all or substantially all of the debtor’s assets, the debtor does not engage in business after consummation of the plan, and the debtor would not receive a discharge under §727(a) of the Code. Under §727(a), discharge is not granted if a debtor is not an individual. Based upon the foregoing, there shall not be a discharge of the debts of ZGA under the Plan.

Notwithstanding the foregoing, the only manner in which creditors may receive a distribution or recovery from ZGA following Plan confirmation is through the liquidation and distribution of the assets of ZGA by the Estate Representative. Under the Plan, all assets of ZGA and all causes of action held by the Bankruptcy Estate will be transferred to the Estate Representative, to pursue on behalf of creditors with allowed claims.

B. Terms of Injunctions and Stays of Injunctions.

Unless otherwise provided by a final order of the Bankruptcy Court, all injunctions or stays provided for in the Chapter 11 case pursuant to §§105 or 362 of the Bankruptcy Code, or otherwise in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

Except as otherwise expressly provided for in this Plan, all persons who have held, hold or may hold claims, debts, or interests are permanently enjoined on or after the Effective Date (a) from commencing or continuing in any manner or any action or proceeding of any kind or respect to any such claim, debt, or interests against the Debtor, the Estate Representative, or the Bankruptcy Estate, (b) from the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtor or property of the Debtor or the Debtor's Estate, (c) from creating, perfecting, or enforcing any encumbrance of any kind against the Debtor or the Debtor's Estate, and (d) from asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due from the Debtor, the Debtor's Estate, or any property of the Debtor or the Debtor's Estate.

VIII. CONCLUSION

The Debtor encourages all parties in interest to carefully read the Plan as its terms control over the Disclosure Statement. The Debtor submits that confirmation of the Plan is in the best interest of creditors and the Debtor's Estate.

**ZUCKER, GOLDBERG & ACKERMAN, LLC.,
Plan Proponent**

By: 
MICHAEL S. ACKERMAN

Dated: January 14, 2016

Managing Member

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|---|---------|
| UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY | |
| Caption in Compliance with D.N.J. LBR 9004-2(c) WASSERMAN, JURISTA & STOLZ, P.C. 110 Allen Road, Suite 304 Basking Ridge, New Jersey 07920 Phone: (973) 467-2700 Fax: (973) 467-8126 DANIEL M. STOLZ, ESQ. (DS-1897) <i>Counsel to Zucker, Goldberg & Ackerman, LLC., Debtor and Debtor-in-Possession</i> | |
| In Re: | |
| ZUCKER, GOLDBERG & ACKERMAN, LLC. | |
| | Debtor. |

Judge: Christine M. Gravelle

Chapter: 11

Case No.: 15-24585

DEBTOR'S FIRST AMENDED PLAN OF ORDERLY LIQUIDATION

The Debtor Zucker, Goldberg & Ackerman, LLC., Plan Proponent respectfully submits this Plan of Orderly Liquidation, pursuant to Chapter 11, Title 11 of the United States Bankruptcy Code, in the form annexed hereto and made a part hereof.

**ZUCKER, GOLDBERG & ACKERMAN, LLC.
Plan Proponent**

Dated: January 14, 2016

By: /s/ Michael S. Ackerman
MICHAEL S. ACKERMAN
MANAGING MEMBER

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PRELIMINARY STATEMENT

Pursuant to Chapter 11, Title 11 of the United States Code, 11 U.S.C. §§ 101-1330, Zucker, Goldberg & Ackerman, LLC., Debtor and Debtor-in-Possession in the above-captioned Chapter 11 Case (the "Debtor"), hereby respectfully proposes the following Plan of Orderly Liquidation. Reference is made to the Disclosure Statement accompanying this Plan, including the exhibits thereto, for a discussion of the Debtor's history, business, results of operations and properties, the post-petition liquidation of substantially all of the Debtor's assets and for a summary and analysis of the Plan. All Holders of Claims and Equity Interests should read the Disclosure Statement and the Plan carefully and consult with their counsel and other applicable professionals before voting to accept or reject the Plan.

The Plan sets forth a proposal for the satisfaction of all Claims against the Debtor. With the Plan, Creditors will receive a Ballot for voting on the Plan, and a Disclosure Statement that provides information concerning the Debtor and the Plan.

The Disclosure Statement includes a summary of the assets and liabilities of the Debtor, a summary of what Creditors and Interest Holders will receive under the Plan, a summary of the procedures and voting requirements necessary for confirmation of the Plan, and a discussion of certain alternatives to the Plan in the event that the Plan is not confirmed. You should thoroughly review both the Plan and Disclosure Statement before deciding whether you will vote to accept or reject the Plan.

As more fully described in the Disclosure Statement, the Plan must be approved by the requisite number of Creditors and the Bankruptcy Court must find that the Plan

meets the applicable legal standards before it can be confirmed. If the Plan is not confirmed, the Bankruptcy Court may order the case dismissed, or converted to a liquidating case under Chapter 7 of the Bankruptcy Code, or the Debtor or other parties in interest may propose a different plan.

**I. DEFINED TERMS, RULES OF INTERPRETATION,
COMPUTATION OF TIME AND GOVERNING LAW**

A. Rules of Interpretation, Computation of Time and Governing Law

1. For purposes of the Plan: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and each pronoun, whether stated in the masculine, feminine or neuter gender, shall include the masculine, feminine and the neuter gender; (b) any reference in the Plan to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (c) any reference in the Plan to an existing document or exhibit filed, or to be filed, shall mean such document or exhibit, as it may have been or may be amended, modified or supplemented; (d) unless otherwise specified, all references in the Plan to Sections, Articles and Exhibits are references to Sections, Articles and Exhibits of or to the Plan; (e) the words "herein," "hereof," "hereunder," and "hereto" and similar terms refer to the Plan in its entirety rather than to a particular portion of the Plan; (f) references to part includes the whole, except where the context clearly requires otherwise; (g) "or" has the inclusive meaning represented by the phrase "and/or"; (h) captions and headings to Articles and Sections are inserted

for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (i) the rules of construction set forth in Section 102 of the Bankruptcy Code shall apply; and (j) any term used in capitalized form in the Plan that is not defined herein but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

2. In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

3. Except to the extent that the Bankruptcy Code or Bankruptcy Rules are applicable, and subject to the provisions of any contract, instrument, release, indenture or other agreement or document entered into in connection with the Plan, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New Jersey, without giving effect to the principles of conflict of laws thereof.

B. Defined Terms

Unless the context otherwise requires, the following terms shall have the following meanings when used in capitalized form in the Plan:

1. "Administrative Claim" means a Claim for costs and expenses of administration under Section 503(b), 507(b), 503(b)(9) or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date of preserving the Estate; (b) the value of any goods received by the Debtor within 20 days before the Petition Date in which the goods were sold to the Debtor in the ordinary course of the Debtor's business; (c) compensation for legal, financial

advisory, accounting and other services and reimbursement of expenses awarded or allowed under Section 330(a) or 331 of the Bankruptcy Code; (d) all fees and charges assessed against the Estate under 28 U.S.C. §§ 1911-1930; (e) all obligations designated as Allowed Administrative Claims pursuant to an order of the Bankruptcy Court; (f) administrative claims that were timely filed prior to the Administrative Claims Bar Date; and (g) any Tax Claims incurred by the Debtor after the Petition Date or relating to a tax year or period which occurs after the Petition Date.

2. "Administrative Claims Bar Date" means collectively (i) the last date set by the Bankruptcy Court pursuant to an Administrative Claims Bar Date Order for a Claimant to file a request for payment of any Administrative Claim that arose between the Petition Date and the Effective Date of the Plan, or any claim for the value of any goods received by the Debtor within twenty (20) days before the Petition Date in which the goods were sold to the Debtor in the ordinary course of the Debtor's business.

3. "Administrative Claims Bar Date Order" means any order or orders setting any Administrative Claims Bar Date, which order could be the Confirmation Order.

4. "Allowed" means, with respect to any Claim, except as otherwise provided herein: (a) a Claim that has been scheduled by Debtor in its Schedules as other than disputed, contingent or unliquidated and as to which Debtor or other party in interest has not Filed an objection on or before the 365th day after the Effective Date; (b) a Claim that is set forth in a timely filed Proof of Claim as to which no objection has been Filed; (c) a Claim that has been allowed by a Final Order; (d) a Claim that is allowed: (i) in any stipulation of amount and nature of Claim executed by the Debtor prior to the Effective Date and approved by the Bankruptcy Court; (ii) in any

stipulation of amount and nature of Claim executed by the Estate Representative on or after the Effective Date; (iii) in any stipulation of amount and nature of any Administrative Claim, Priority Claim or Priority Tax Claim executed by (x) the Debtor and approved by the Bankruptcy Court, or (y) the Estate Representative; or (iv) in any contract, instrument, indenture or other agreement entered into or assumed by Debtor in connection with and in accordance with, the Plan; (e) a Claim relating to a rejected executory contract or unexpired lease that either (i) is not a Disputed Claim or (ii) has been allowed by a Final Order, in either case only if a Proof of Claim has been timely Filed by the Claimant before the applicable Rejection Bar Date for such claim or has otherwise been deemed, timely Filed under applicable law; or (f) a Claim that is Allowed pursuant to the terms of this Plan.

5. "Allowed Claim" means a Claim that has been Allowed.

6. "Available Cash" means the aggregate amount of all Cash held by the Debtor on the Effective Date, including the Cash from any operations, Litigation Recoveries or any Liquidation Proceeds collected by the Debtor, prior to the Effective Date.

7. "Avoidance Actions". mean all claims and, causes of action which the Debtor has or, had the power to assert pursuant to any or all of Sections 510, 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code.

8. "Ballot Date" means the date stated in the Voting Instructions by which all Ballots must be received, which date shall be _____, **2016 at __:00 p.m.**

9. "Ballots" mean the ballots upon which Holders of Impaired Claims shall indicate their acceptance or rejection of the Plan in accordance with the Plan and

the Voting Instructions.

10. "Bankruptcy Code" means title I of the Bankruptcy Reform Act of 1978, as amended from time to time, as set forth in sections 101 et seq. of title it of the United States Code, and applicable portions of titles 18 and 28 of the United States Code.

11. "Bankruptcy Court" means the United States District Court for the District of New Jersey having jurisdiction over this Chapter 11 Case and, to the extent of any reference made pursuant to section 157 of title 28 of the United States Code and/or the General Order of such District Court pursuant to Section 151 of title 28 of the United States Code, the bankruptcy unit of such District Court.

12. "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure, as amended from time to time, as applicable to the Chapter 11 Case promulgated under 28 U.S.C. § 2075 and the General, and Local Rules of the Bankruptcy Court.

13. "Business Day" means any day, other than a Saturday, Sunday or legal holiday (as defined in Bankruptcy Rule 9006(a)).

14. "Cash" means cash and cash equivalents, including, but not limited to, bank deposits, wire transfers, checks, and readily marketable securities, instruments and legal tender of the United States of America or instrumentalities thereof.

15. "Chapter 11 Case" means the case commenced under Chapter 11 of the Bankruptcy Code by the Debtor, styled In re Zucker, Goldberg & Ackerman, LLC., Case No. 15-24585 (CMG); currently pending before the Bankruptcy Court.

16. "Claim" means a claim (as defined in Section 101(5) of the Bankruptcy Code) against Debtor, including, but not limited to: (a) any right to payment from Debtor whether or not such right is reduced to judgment, liquidated, unliquidated, contingent,

matured, unmatured, disputed, undisputed, legal,' equitable, secured or unsecured; or (b) any right to an equitable remedy for breach of performance if such performance gives rise to a right of payment from Debtor, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

17. "Claimant" means' the Holder of a Claim.

18. "Claims Reserve Account" means an interest bearing bank account or money market account to be established and held in trust by the Estate Representative on or after the Effective Date for the purpose of holding the Estate Assets to be distributed under the Plan and any interest, dividends or other income earned upon the investment of such Claims Reserve Account. The Claims Reserve Account will be funded by the Debtor or Estate Representative on or immediately after the Effective Date with the Available Cash and, following the Effective Date, from time to time, by the Estate Representative, with: (i) any Liquidation Proceeds and revenue from the Debtor's operations realized after the Effective Date, plus (ii) any Litigation Recoveries realized after the Effective Date, minus (iii) any amounts' necessary to pay Estate Expenses.

19. "Class" means a category of Holders of Claims or Equity Interests as set forth in Article 3 of the Plan.

20. "Committee" means the Official Committee of Unsecured Creditors appointed by the U.S. Trustee in this Chapter 11 Case.

21. "Confirmation" means the entry of the Confirmation Order, subject to all conditions specified in Article 7 of the Plan having been (a) satisfied or (b) waived

pursuant to Article 7.

22. "Confirmation Date" means the date upon which the Confirmation Order is entered by the Bankruptcy Court on its docket, within the meaning of Bankruptcy Rules 5003 and 9021.

23. "Confirmation Order" means the order of the Bankruptcy Court confirming the Plan pursuant to Section 1129 of the Bankruptcy Code, which shall be in form and substance acceptable to the Committee.

24. "Consummation" or "Consummate" means the occurrence of or to achieve the Effective Date.

25. "Contingent Claim" means any Claim for which, a Proof of Claim has been filed with the Bankruptcy Court but was not filed in a sum certain and which Claim has not been estimated, fixed or liquidated by the Bankruptcy Court at a sum certain as of the Effective Date, or a Claim that has accrued but nonetheless remains dependent on the occurrence of a future event that may never occur.

26. "Creditor" means any Holder of a Claim against Debtor. that arose on or prior to the Petition Date.

27. "Debt" means liability on a Claim.

28. "Debtor" means Zucker, Goldberg & Ackerman, LLC.

29. "Debtor in Possession" means Zucker, Goldberg & Ackerman, LLC., as debtor in possession in this Chapter 11 Case pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

30. "Disallowed Claim" means (i) a Claim, or any portion thereof, that has been disallowed by a Final Order; (ii) a Claim that has been listed in the Schedules at

zero or as contingent, disputed, or unliquidated and as to which no proof of Claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code, Final Order, or other applicable law; or (iii) a Claim that has not been listed in the Schedules, and as to which no proof of Claim has been timely filed or, deemed timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code, Final Order, or other applicable law.

31. "Disclosure Statement" means Debtor's Disclosure Statement dated _____, 2016, as amended, supplemented, or modified, from time to time, describing the Plan that was prepared and distributed in accordance with the Bankruptcy Code and Bankruptcy Rules and other applicable law.

32. "Disputed" means with respect to any Claim or Equity Interest, any Claim or Equity Interest: (a) listed on the Schedules as unliquidated, disputed or contingent; (b) as to which Debtor or any other party in interest has interposed a timely objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules or is otherwise disputed by Debtor in accordance with applicable law, which objection, request for estimation or dispute has not been withdrawn or determined by a Final Order; or (c) unless otherwise indicated in the Plan, a Claim as to which the period within which, to object to such Claim has not yet expired.

33. "Disputed Claim" means: (i) any Claim or portion of a Claim as to which an objection to the allowance thereof has been interposed as of the Effective Date or any later deadline fixed under the Plan or by order of the Bankruptcy Court, which objection has not been withdrawn or determined by Final Order; (ii) any Claim for which a proof of Claim is required to be filed and no such Proof of Claim is filed or, if

filed, is filed. after the applicable Bar Date for such Claim; (iii) any Contingent Claim or Unliquidated Claim; (iv) any Claim scheduled by the Debtor in the Schedules as disputed, contingent or unliquidated; (v) a Proof of Claim filed in a greater amount, or of a different nature or priority, than the amount, nature, or priority listed for that Claim in the Schedules; or (vi) a Claim that is not listed in the Schedules. To the extent an objection relates to the allowance of only a part of a Claim, such Claim shall be a Disputed Claim only to the extent of the objection and shall be deemed Allowed as to the portion for which no objection is made.

34. "Disputed Claims Amount" means the aggregate amount of Disputed Claims that are fixed and absolute. For purposes of calculating distributions of Cash under the Plan, the amount of each Disputed Claim shall be based upon either: (i) the face amount of such Creditor's Disputed Claim (or the disputed portion thereof) as set forth in the Creditor's filed proof of Claim; (ii) the amount at which the Bankruptcy Court may estimate such Disputed Claim; or (iii) the amount which the Estate Representative determines in its reasonable judgment is the appropriate amount to be reserved for such Disputed Claim.

35. "Distribution Dates" means collectively the Initial Distribution Date, any Subsequent Distribution(s) Date and the Final Distribution Date.

36. "Distribution Record Date" means the close of business on the Business Day immediately preceding the Effective Date.

37. "Effective Date" means the date selected by the Estate Representative which is a Business Day after the Confirmation Date on which: (a) no stay of the Confirmation Order is in effect, and (b) all conditions specified in the Plan have been

satisfied.

38. "Entity" means an entity as defined in Section 101(15) of the Bankruptcy Code.

39. "Equity Interest" means any equity interest in Debtor, including, but not limited to, all issued, unissued, authorized or outstanding shares or stock, together with any warrants; options or contract rights to purchase or acquire such interests at any time.

40. "Estate" means the estate of the Debtor in this Chapter 11 Case created pursuant to Section 541 of the Bankruptcy Code upon the commencement of this Chapter 11 Case.

41. "Estate Assets" means any and all real property or personal property assets, rights or interests of Debtor, whether tangible or intangible, and any Liquidation Proceeds realized therefrom, including without limitation, all Cash of the Debtor, all Litigation, and any Litigation Recovery.

42. "Estate Expenses" means the expenses incurred by the Estate Representative following the Effective Date (including the fees and costs of attorneys and other professionals) for the purpose of: (i) prosecuting or otherwise attempting to collect or realize upon the Litigation; (ii) selling or collecting upon any of the Estate Assets or otherwise incurred following the Effective Date in connection with generating the Liquidation Proceeds; (iii) resolving Disputed Claims and effectuating distributions to Creditors under the Plan; (iv) revenue from the Debtor's operations pending liquidation of the Estate Assets or (v) otherwise implementing the Plan and closing the Chapter 11 Case, including, but not limited to post-Effective Date

taxes, if any (such as for income, if any, in the Disputed Claims Reserve) and wind-down expenses (such as document storage and final tax returns) and the cost of any bond or insurance obtained for the protection of the Estate Representative.

43. "Estate Representative" The Order of Confirmation of the within Plan of Reorganization shall designate Edward P. Bond, CPA to serve as the Estate Representative. In this Plan, the term "Estate Representative" shall refer to Edward P. Bond or any duly appointed successor Estate Representative.

44. "File" or "Filed" means file or filed with the Bankruptcy Court or its authorized designee in this Chapter 11 Case.

45. "Final Decree" means the decree contemplated under Bankruptcy Rule 3022.

46. "Final Distribution Date" means the date of the last payment to Holders of Allowed Claims in accordance with the provisions of the Plan.

47. "Final Order" means an order or judgment of the Bankruptcy Court or other court of competent jurisdiction: (i) which has not been reversed, stayed, modified or amended; (ii) as to which the time to or the right to appeal or seek reconsideration, review, rehearing, or certiorari has expired or been waived (without regard to whether the time to seek relief from a judgment under Bankruptcy Rule 9024 has expired); and (iii) as to which no appeal or petition for reconsideration, review, rehearing, or certiorari is pending.

48. "Final Resolution Date" means the date on which all Disputed Claims in each and every Class shall have been resolved by Final Order or otherwise finally determined.

49. "General Bar Date" means December 8, 2015, the date set by the Bankruptcy Court as the last day for filing a Claim arising prior to the Petition Date against the Debtor in this Chapter 11 Case.

50. "General Unsecured Claims" means any Claim that is not an Administrative Expense Claim, Priority Tax Claim, Priority Claim or Subordinated Claim.

51. "Governmental Unit" means the United States and any state, commonwealth, district, territory, municipality, department, agency, or instrumentality of the United States (but not a United States trustee while serving as a trustee in a case under this title), or any foreign state.

52. "Holder" means an Entity holding a Claim or Equity Interest.

53. "Impaired" means with respect to a Claim or Class of Claims, a Claim or Class of Claims that is impaired within the meaning of Section 1124 of the Bankruptcy Code.

54. "Initial Distribution Date" means the Effective Date, or as soon as practicable thereafter when the initial distribution shall be made to the Holders of Allowed Unsecured Claims, as determined by the Estate Representative in his reasonable exercise of discretion.

55. "Insider" means an insider of any Debtor, as defined in Section 101(31) of the Bankruptcy Code.

56. "Lien" means any charge against or interest in property (including, but not limited to, any mortgage, lien, pledge, charge, security interest, encumbrance or other security device of any kind) to secure, payment of a debt or performance of an

obligation.

57. "Liquidating Estate" shall be the Debtor's bankruptcy estate subsequent to the Effective Date of this Plan.

58. "Liquidation Proceeds" means any Cash or other consideration paid to or realized by the Debtor or the Estate Representative, as applicable, upon the sale, transfer, assignment or other disposition of the Estate Assets.

59. "Litigation" means the interest of the Estate, as applicable, in any and all claims, rights and causes of action which have been or may be commenced by the Debtor or the Committee, as applicable. Litigation includes, without limitation, any action: (i) to avoid and recover any transfers of property determined to be preferential, fraudulent, or avoidable pursuant to sections 544, 545, 547, 548, 549(a) and 550 of the Bankruptcy Code; (ii) for the turnover of property to the Debtor, as applicable; (iii) for the recovery of property or payment of money that belongs to or can be asserted by the Debtor, as applicable; (iv) for compensation for damages incurred by the Debtor; and (v) equitable subordination actions against Creditors.

60. "Litigation Recovery" means any Cash or other property received by the Debtor, as applicable, from all or any portion of the Litigation, including, but not limited to, awards of damages, attorneys' fees and expenses, interest and punitive damages, whether recovered by way of settlement, execution on judgment or otherwise. If any Litigation is pursued on a contingent fee basis, the Litigation Recovery will be net of any contingent fee paid to legal counsel.

61. "Net Estate Assets" means all Estate Assets after the deduction of amounts to be paid for, or deposited to or withheld in the Claims Reserve Account from any

unencumbered Cash on account of, or in anticipation of, payment of Estate Expenses and, as to each Holder of an Allowed Claim, other than Secured Claims, after deduction of amounts for payments made or to be made (or for deposits made or to be made into the Claims Reserve Account on account of Disputed Claims) with respect to Claims (including unclassified claims that are Administrative Claims and Priority Tax Claims) that are senior in priority to the Claims of such Class.

62. "Objection Deadline" means _____, **2016 at 4:00 p.m.**, the date established by the Bankruptcy Court for the filing of any objection to the Plan.

63. "Petition Date" means August 3, 2015, the date on which Debtor filed its petition for relief commencing this Chapter 11 Case.

64. "Plan" means this Plan of Liquidation, either in its present form or as it may be altered, amended, modified or supplemented from time to time in accordance with the Plan, the Bankruptcy Code and the Bankruptcy Rules, including, without limitation, any exhibits and schedules hereto, either in its present form or as the same may be amended, modified or supplemented from time to time in accordance with the terms and provisions hereof.

65. "Plan Interest Rate" means the rate of interest determined by the Bankruptcy Court upon Confirmation, if necessary, for purposes of the application of section 1124 (impairment) or section 1129(b) of the Bankruptcy Code (Present Value), as the case may be, to the distributions to certain Creditors under the Plan. The Plan Interest Rate may be different for different Classes of Claims.

66. "Plan Objection Deadline" means the deadline established by the Bankruptcy Court for filing and serving objections to Confirmation of the Plan.

67. "Plan Supplement" means any pleading so entitled filed with the Bankruptcy Court at least one (1) business day prior to the initially scheduled date of the Confirmation Hearing, which may include certain exhibits and schedules to this Plan, as well as documents, agreements, and instruments evidencing and effectuating the Plan.

68. "Present Value" means the present value as of 'the Effective Date of Cash payments made under the Plan by the Debtor using the Plan Interest Rate.

69. "Priority Claim" means any Claim, other than an Administrative Claim or a Priority Tax Claim, to the extent entitled to priority under section 507(a) of the Bankruptcy Code.

70. "Priority Tax Claim" means a Claim of a governmental unit of the kind specified in Sections 502(i) and 507(a)(8) of the Bankruptcy Code.

71. "Pro Rata" means proportionately so that, with respect to a Claim, the ratio of: (a). (i) the amount of property distributed on account of, a particular Claim to (ii) the Allowed amount of the Claim, is the same, as the ratio of (b) (i) the amount of property distributed on account of all Allowed Claims in the Class or Classes entitled to% share in the .applicable distribution to (ii) the amount of all Allowed Claims in such Class or Classes:

72. "Professional" means an Entity: (a) employed pursuant to a Final Order in accordance with. Sections 327 and 1103 of the Bankruptcy Code and to be compensated for, services rendered prior to the Effective Date, pursuant to Sections 327, 328, 329, 330 and 331 of the Bankruptcy Code, or (b) for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to Section

503(b)(4) of the Bankruptcy Code.

73. "Professional Fee Claim" means those fees and expenses claimed by Professionals pursuant to Sections 330, 331 and/or 503 of the Bankruptcy Code, and accrued and unpaid as of the Effective Date.

74. "Proof of Claim" means a proof of claim Filed pursuant to Section 501 of the Bankruptcy Code and/or any order of the Bankruptcy Court, together with supporting documents.

75. "Schedules" means the schedules of assets and liabilities as the Bankruptcy Court required the Debtor to file pursuant to Section 521 of the Bankruptcy Code; the Official Bankruptcy Forms and the Bankruptcy Rules, as they may be amended and supplemented from time to time, and Debtor's statement of financial affairs filed with the Bankruptcy Court, as the Bankruptcy Court required the Debtor to file pursuant to Section 521 of the Bankruptcy Code, the Official Bankruptcy Forms and the Bankruptcy Rules, as they may be amended and supplemented from time to time.

76. "Secured Claim" means any Claim that is secured in whole or part, as of the Petition Date, by a Lien which is valid, perfected and enforceable under applicable law and is not subject to avoidance under the Bankruptcy Code or applicable non-bankruptcy law, or subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of such Lien or right of setoff as determined under sections 506(a) or 1129(b) of the Bankruptcy Code, as applicable.

77. "Subsequent Distribution Date" means any date after the Initial Distribution Date: (a) that is (i) subject to Section 5(Q) below, no less frequently than

once during each four month period following the month of the Initial Distribution Date so long as a minimum permissible distribution hereunder is practicable and otherwise as soon as such minimum permissible distribution is practicable, or (ii) otherwise ordered, by the Bankruptcy Court, and (b) upon which the Liquidating Estate makes a distribution to any Holders of Allowed Unsecured Claims.

78. "Tax" means any tax, charge, fee, levy, impost or other assessment by any federal, state, local or foreign taxing authority, including, without limitation, income, excise, property, sales, transfer, employment, payroll, franchise, profits, license, use, ad valorem, estimated, severance, stamp, occupation and withholding tax. "Tax" shall include any interest or additions attributable to, imposed on or with respect to such assessments.

79. "Tax Claim" means all or that portion of an Allowed Claim held by a Governmental Unit for a tax assessed or assessable against the Debtor, including income and employment taxes and any related penalties or interest.

80. "Unimpaired Claim" means an unimpaired Claim within the meaning of Section 1124 of the Bankruptcy Code.

81. "Unliquidated Claim" means any Claim for which a Proof of Claim has been filed with the Bankruptcy Court but was not filed in a sum certain, and which Claim has not been estimated, fixed or liquidated by the Bankruptcy Court at a sum certain as of the Effective Date.

82. "Unsecured Claim" means any Claim against the Debtor or its Estate that is not a Secured Claim, Administrative, Claim, Priority Tax Claim or Priority Claim.

83. "U.S. Trustee" means, the Office of the United States Trustee for Region 3.

84. "Voting Instructions" means the instructions for voting on the Plan contained in Article 1 of the Disclosure Statement and in the Ballots.

85. "Voting Record Date" means the date as of which the identity of Holders of Claims is set for purposes of determining the Entities entitled to receive and vote on the Plan. Pursuant to Bankruptcy Rules 3017(d) and 3018(a); this date, is the date of entry of the Bankruptcy Court's order approving the Disclosure Statement or such other date as the Bankruptcy Court may set.

II. ADMINISTRATIVE CLAIMS, PROFESSIONAL FEES AND PRIORITY TAX CLAIMS

A. Introduction

Certain types of Claims are not placed into voting Classes; instead they are unclassified. They are not considered Impaired and they do not vote on the Plan because they are automatically entitled to the specific treatment provided for them in the Bankruptcy Code. As such, the Debtor has not placed the following Claims in a Class:

B. Administrative Claims

Each Holder of an Allowed Administrative Claim shall receive, from Net Estate Assets; without interest, Cash equal to the Allowed amount of such Claim, unless such Holder shall have agreed to different treatment of such Claim, at the sole option of the Debtor or the Estate Representative, as the case may be: (a) on or as soon as practicable after the later of (i) the Effective Date, or (ii) the date upon which the Bankruptcy Court enters a Final Order determining or approving such Claim; (b) in accordance with the terms and conditions of agreements between the Holders of such

Claims and the Debtor or the Estate Representative, as the case may be; (c) with respect to' any Administrative Claims representing obligations incurred in the ordinary course of the Debtor's business, upon such regular and customary payment or performance terms as may exist in the ordinary course of the Debtor's business or as otherwise provided in the Plan; or (d) with respect to statutory fees due pursuant to 28 U.S.C. § 1930(a)(6), until the entry of a final decree or an order converting or dismissing the case.

Holders of Administrative Claims (including, without limitation, Professionals) requesting compensation or reimbursement of such expenses pursuant to Sections 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code that do not file such requests by the applicable deadline provided for herein shall be forever barred from asserting such claims against the Debtor, its Estate, or its successors or assigns, or its property. Any, objection to Professional Fee Claims shall be filed on or before the objection deadline specified in .the application for final compensation or order of the Bankruptcy Court.

Notwithstanding any provision in the Plan regarding payment of Administrative Claims to the contrary, and without waiver of any argument available that such Claim is already time-barred by prior orders of the Bankruptcy Court, all Administrative Claims that are required to be Filed and not Filed by the Administrative Claim Bar Date shall be deemed disallowed and ` discharged. As provided herein, the Claims Reserve Account will include funds sufficient to cover the aggregate asserted amount of all disputed Administrative Claims. Without limiting the foregoing, all fees payable under 28 U.S.C. § 1930 that have not been paid, shall be paid on or before the Effective Date.

C. Professional Fee Claims

The Estate Representative shall pay Professionals all of their respective accrued and Allowed fees and reimbursement of expenses arising prior to the Effective Date, plus reasonable fees for services rendered, and actual and necessary costs incurred, in connection with the filing, service and prosecution of any applications for allowance of Professional Fees pending on the Effective Date or filed and/or served after the Effective Date, plus post-Effective Date fees approved by the Estate Representative.

The Bankruptcy Court must rule on and allow all Professional Fee Claims before the fees will be owed and paid. For all Pre-Effective Date Professional Fee Claims, except Bankruptcy Clerk's Office fees, the fees and expenses of the Claims Agent, and U.S. Trustee's fees, the Professional in question must file and serve a properly noticed final fee application and the Bankruptcy Court must rule on the application. Only the amount of fees and expenses Allowed by the Bankruptcy Court will be owed and required to be paid under the Plan.

The Estate Representative may retain, and compensate professionals for services rendered following the Effective Date without order of the Bankruptcy Court. Such post-Effective Date professionals shall provide the Estate Representative with monthly, detailed invoices in respect of their services and expenses, which may be paid by the Estate Representative without Bankruptcy Court approval. Notwithstanding the foregoing, if the Estate Representative objects in writing to the payment of any compensation, such disputed amount shall not be paid prior to the earlier of the resolution of such dispute or a ruling by the Bankruptcy Court.

Professionals requesting compensation or reimbursement of expenses pursuant to Sections 327, 328, 330, 331, 503(b) and 1103 of the Bankruptcy Code or required to file fee applications by order of the Bankruptcy Court for services rendered prior to the Effective Date must File and serve pursuant to the notice provisions of the Interim Fee Order, an application for final allowance of compensation and reimbursement of expenses no later than seventy-five (75) days after the Effective Date. All such applications for final allowance of compensation and reimbursement of expenses will be subject to the authorization and approval of the Bankruptcy Court.

D. Priority Tax Claims

On the later to occur of (i) the Effective Date or (ii) the date on which such Claim shall become an Allowed Claim, the Estate Representative shall pay to each Holder of an Allowed Priority Tax Claim from the Net Estate Assets the Allowed amount of such Allowed Priority Tax Claim without interest from Petition Date.

III. CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

A. Summary

The categories of Claims and Equity Interests listed below classify Claims, and Equity Interests for all purposes, including voting, Confirmation and distribution pursuant to the Plan and pursuant to Sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of

such different Class. A Claim or Equity Interest is in a particular Class only to the extent that such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date.

B. Classification and Treatment of Claims against the Debtor

The classification of Claims and Equity Interests against the Debtor pursuant to the Plan, is as follows:

| | | |
|--|----------|-------------------------------|
| Class 1 – Priority Claims | Impaired | Entitled to Vote on Plan. |
| Class 2 – Secured Claim of J.P. Morgan Chase | Impaired | Entitled to Vote on Plan. |
| Class 3 – General Unsecured Claims | Impaired | Entitled to Vote on the Plan. |
| Class 4 – Equity Interests | Impaired | Entitled to Vote on the Plan. |

1. Class 1-Priority Claims

a. Classification: Class 1 consists of the Priority Claims against the Debtor

b. Treatment: The Estate Representative shall pay from the Net Estate Assets the Allowed amount of each Class 1 Priority Claim to each Entity holding a Class 1 Priority Claim as soon as practicable following the later of: (a) the Effective Date, (b) the date such Class 1 Priority Claim becomes an Allowed Claim (or as otherwise permitted by law) and the payment in full of the secured claim of J.P. Morgan Chase and all administrative claims. The Estate Representative shall pay each Entity holding a Class 1 Priority Claim in Cash in full in respect of such Allowed Claim without interest from the Petition Date; provided, however, that such individual or

Entity may be treated on such less favorable terms as may be agreed to in writing by such Entity.

c. Voting: Class 1 is Impaired Class and Holders of Class 1 shall have a right to vote to accept or reject the Plan.

2. Class 2-Secured Claims of J.P. Morgan Chase

a. Classification: Class 2 consists of Secured Claims of J.P. Morgan Chase.

b. To the extent the Secured Claims of J.P. Morgan Chase have not been paid prior to the Effective Date of the Plan, all claims of J.P. Morgan Chase shall remain secured by all of the Debtor's pre-petition and post-petition assets and Chase shall retain all rights granted to it under the Pre-Petition Security Agreements and the Final Order Authorizing Use of Cash Collateral dated September 10, 2015. With the exception of the "carve out" contained in the Final Cash Collateral Order and any other "carve outs" or payments from the Debtor's pre-confirmation and post-confirmation assets as Chase shall, in writing authorize, no creditor shall be paid prior to the full satisfaction of the secured claims of J.P. Morgan Chase. All liens, encumbrances and claims of J.P. Morgan Chase shall attach to the assets of the Liquidating Estate, in the exact manner that such liens, claims and encumbrances attached to the Debtor's assets prior to confirmation of this Plan.

c. Voting: Class 2 is an Impaired Class and shall have the right to vote to accept or reject the Plan. Claimholders in this class shall retain their liens on their collateral.

3. Class 3 - General Unsecured Claims

a. Classification: Class 3 consists of the Claims of Holders of General Unsecured Claims.

b. Treatment: Each Holder of an Allowed General Unsecured Claim shall receive a Pro Rata share of the Net Estate Assets once all Class 1 and 2 Claimants are paid in full. Class 3 General Unsecured Claims are subject to all statutory, equitable and contractual subordination claims, rights and grounds available to the Debtor, the Estates and pursuant to this Plan, the Estate Representative, which subordination claims, rights and grounds are fully enforceable prior to, on and after the Effective.

c. Voting: Class 3 is an Impaired Class and Holders of Class 3 Claims are entitled to vote to accept or reject the Plan.

6. Class 4 - Equity Interests

a. Classification:

Class 4 consists of all Equity Interests in the Debtor.

b. Treatment:

Each holder of an Allowed Equity Interest in Class 4 shall receive a pro rata share of the Net Estate Assets once all Holders of Claims in Classes 1, 2, and 3 are paid in full. Upon the Effective Date, the Equity Interests will be deemed canceled and will cease to exist.

c. Voting:

Holders of Class 4 Equity Interests is an impaired class and Holders of Class 4 interests are entitled to vote to accept or reject the Plan.

IV. ACCEPTANCE OR REJECTION OF THE PLAN

A. Voting Classes

Each Holder of an Allowed Claim in Classes 1, 2, 3 and 4 is entitled to vote either to accept or to reject the Plan. Only those votes cast by Holders of Allowed Claims shall be counted in determining whether acceptances have been received sufficient in number and amount to obtain Confirmation.

B. Acceptance by Impaired Classes

An Impaired Class of Claims shall have accepted the Plan if. (a) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan, and (b) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of more than one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan.

C. Nonconsensual Confirmation

In the event that any Class of Claims entitled to vote on the Plan fails to accept the Plan as required by section 1129(a) of the Bankruptcy Code, the Plan may be amended and, in any event the Plan Proponent reserves the right to seek confirmation of the Plan over such rejection pursuant to section 1129(b) of the Bankruptcy Code.

D. How to Vote

A form of Ballot is being-provided to Creditors in Classes 3 and 4 by which Creditors in such Class may vote their acceptance or rejection of the Plan. The Ballot for voting on the Plan gives you one important choice to make with respect to the Plan -- you can vote for or against this Plan. To vote on the .Plan, please complete the Ballot,

as indicated thereon by, (1) indicating on the enclosed, ballot that (a) you accept the Plan or (b) reject the Plan and (2) signing your name and mailing the ballot in the envelope provided for this purpose. The Claims Agent will count the Ballots.

IN ORDER TO BE COUNTED, BALLOTS MUST BE COMPLETED, SIGNED AND RECEIVED NO LATER THAN 4:00 P.M. EASTERN TIME ON _____, 2016 AT THE FOLLOWING ADDRESS:

By First Class Mail:

BMC Group
Attn: ZGA Ballot Processing
PO Box 90100
Los Angeles, CA 90009

By Overnight or Hand Delivery:

BMC Group
Attn: ZGA Ballot Processing
300 N. Continental Blvd., #570
El Segundo, CA 90245

DO NOT SEND YOUR BALLOT VIA FACSIMILE OR E-MAIL.

IF YOUR BALLOT IS NOT PROPERLY COMPLETED, SIGNED AND RECEIVED AS DESCRIBED, IT WILL NOT BE COUNTED. IF YOUR BALLOT IS DAMAGED OR LOST, YOU MAY REQUEST A REPLACEMENT BY ADDRESSING A WRITTEN REQUEST TO THE ADDRESS SHOWN ABOVE. FACSIMILE OR ELECTRONICALLY SUBMITTED BALLOTS WILL NOT BE COUNTED.

V. MEANS FOR IMPLEMENTATION OF THE PLAN

A. Available Cash

On or as soon as practical following the Effective Date, the Claims Reserve

Account shall be opened by the Estate Representative and funded with the Available Cash to the extent of any unencumbered Cash, which shall constitute a reserve for the fees, costs and expenses relating to the pursuit of claims and administration of the post-confirmation estate. Thereafter, from time to time, upon receipt of any proceeds, either from the liquidation of assets or resolution of claims, the Estate Representative shall deposit such funds into the Post-Confirmation Distribution Account.

B. Delegation of Claims to Estate Representative

Edward P. Bond, CPA, shall be designated as the Estate Representative, to pursue all claims and liquidate all assets under the Plan. The Order of Confirmation shall provide for the appointment of the Estate Representative consistent with 11 U.S.C. 1123 and The Official Committee Xrel. Cybergeneics vs. Chinery, 330 F. 3d 548 (3rd Cir. 2003), the right to bring all claims reserved to the Debtor under the Plan, including claims under 11 U.S.C. 510, 544, 545, 546, 547, 548, 549, 550 and 551, shall be delegated by the Debtor to the Estate Representative, to pursue on behalf of the Estate and its creditors. The disposition of any net proceeds from the pursuit of claims or liquidation of assets, shall augment the distributions to unsecured creditors in Class 3 under this Plan. The Estate Representative shall be entitled to retain professionals of his choosing and to pay such professionals in the ordinary course, provided however that the Estate Representative and any professionals retained shall send monthly billings to the Post-Confirmation Committee and the Office of the United States Trustee, who, within ten (10) days of receipt of the billings may request that the Court conduct a

hearing with regard to the reasonableness of the fees and expenses. The Estate Representatives shall not be prohibited from retaining professionals employed by the Debtor in Possession or professionals employed by the Pre-Confirmation Committee except that the Estate Representative may not retain professionals employed by the Debtor with regard to claims against insiders and the Estate Representative may not retain Committee Professionals with regard to claims against or that have an impact on members of the Pre-Confirmation Committee.

C. Preservation of Causes of Action

(1) Avoidance Actions. The Estate Representative, on behalf of the respective Debtor, retains all rights on behalf of the respective Debtor to commence and pursue any and all Avoidance Actions or any other claim which is property of the Estate under section 541 of the Bankruptcy Code (under any theory of law or equity, including, the Bankruptcy Code, and in any court or other tribunal including, in an adversary proceeding filed in this Chapter 11 Case) to the extent the Estate Representative, on behalf of the Debtor, deems appropriate. Potential Avoidance Actions, which may but need not have been pursued by the Debtor prior to the Effective Date and by the Estate Representative, after the Effective Date to the extent warranted, include, the following claims against third parties set forth below:

- a. Any and all potential Claims for, or in any way involving, the collection of accounts receivable or any matter related thereto;
- b. Any and all potential Claims against a member, director and/or officer of the Debtors;
- c. Any and all potential Claims for prepetition breaches of

fiduciary duty, negligent management and wasting of corporate assets and corporate opportunity and/or arising under the Debtors' directors and officers insurance policies against the Debtors' prepetition members and officers or managing member, among others;

- d. Any and all potential Claims against the prepetition members of the Debtor's boards of managers or members, for acts or omissions occurring prior to the Petition Date, including, without limitation, the right of equitably subordinate claims held by such managers or members pursuant to Section 510(c) of the Bankruptcy Code;
- e. Any and all potential Claims arising out of, and in connection with, the prepetition management, operation and/or reporting of financial and other information against all persons and entities having any responsibility with respect thereto, whether such claims are legal, equitable or statutory in nature;
- f. Any and all potential Claims to recover amounts improperly paid or otherwise awarded to employees under the terms of any prepetition employment or change in control agreement;
- g. Any and all potential Claims against third parties with respect to prepetition violations of applicable federal or state securities laws;
- h. Any and all potential Claims arising out of or that relate to prepetition acquisitions or financings;
- i. Any and all potential Claims, counterclaims, cross-claims, third party claims, and affirmative defenses asserted or that could be asserted in any litigation involving the Debtor, whether arising before or after the Petition Date; and
- j. Any and all potential Claims for credits; overpayments; overcharges; prepaid deposits and other amounts; adjustments; recoupment; setoffs; and other rights to payment from those Entities who have received payments or other transfers of property of the Estate during the course of the Chapter 11 Case except for claims for overpayment of real property taxes, tax abatements or tax certiorari claims to the extent such taxes are paid by the Plan Sponsor and not paid by the Debtor.

(2) Other Causes of Action. In addition, the potential Avoidance Actions or other claims or causes of action which may be pursued by the Debtor prior to the Effective Date and by the Estate Representative, on behalf of the Debtor after the Effective Date, also include, without limitation the following:

- (i) Any other actual or potential claims or causes of action, whether legal, equitable or statutory in nature, arising out of, or in connection with the Debtor's businesses or operations, including, without limitation, the following; possible claims against Vendors, landlords, sublessees, assignees, customers or suppliers for warranty, indemnity, bank charge/set-off issues, overpayment or duplicate payment issues and collections/accounts receivable matters; deposits or other amounts owed by any creditor, lessor, utility, supplier, vendor, landlord, sublessee, assignee, or another entity; employee, management or operational matters; claims against landlords, sublessees and assignees arising from various leases, subleases and assignment agreements relating thereto, including without limitation, claims for overcharges relating to taxes, common area maintenance and other similar charges; financial reporting; actions against insurance carriers relating to coverage, indemnity or other matters but only to the extent such claim has not been asserted by the Debtor prior to the Effective Date; counterclaims and defenses relating to notes or other obligations; contract or tort claims which may exist or subsequently arise; and
- (ii) Except for the express waiver of certain claims in the Plan, any and all actual or potential avoidance claims pursuant to any applicable section of the Bankruptcy Code, including, without limitation Sections 510, 544, 545, 547, 548, 549, 550, 551, 553(b) and/or 724(a) of the Bankruptcy Code, arising from any transaction involving or concerning the Debtor.

(3) Causes of Action Unknown as of Confirmation Date. In addition, there may be numerous other claims or causes of action belonging to the Debtor which currently exist or may subsequently arise that are not set forth herein because the facts upon which such claims or causes of action are based are not

fully or currently known by the Debtors, and, as a result, cannot be raised during the pendency of the Chapter 11 Cases (collectively, the “**Unknown Causes of Action**”). The failure to list any such Unknown Cause of Action herein is not intended to limit the rights of the Estate Representative, on behalf of the Debtors to pursue any Unknown Cause of Action to the extent the facts underlying such Unknown Cause of Action become fully known to the Debtors and/or the Estate Representative.

(4) No Causes of Action Waived by Omission. The potential net proceeds from the Debtor’s claims or causes of action identified herein or which may subsequently arise or be pursued, are presently speculative and uncertain and therefore no value has been assigned to such recoveries. The Debtor and the Estate Representative do not intend, and it should not be assumed, because any existing or potential claims or causes of action have not yet been pursued or are not set forth herein that such claims have been waived.

(5) Vesting of Causes of Action Reserved under Plan. Except as otherwise provided in the Plan or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, in accordance with Section 1123(b)(3) of the Bankruptcy Code, any claims, rights, and causes of action that the respective Debtor may hold against any Entity, including those claims or causes of action listed herein, shall vest in the Estate Representative, on behalf of the Debtor, who shall retain and may exclusively enforce, as the authorized representative of the Debtor, any and all such claims, rights, or causes of action, as appropriate, in accordance with the best interests of the Debtor and

the Holders of Allowed Claims entitled to distributions under the Plan. The Estate Representative, on behalf of the Debtor shall have the exclusive right, authority, and discretion to institute, prosecute, abandon, settle, or compromise any and all such claims, rights, and causes of action without the consent or approval of any third party and without any further order of the Bankruptcy Court or any other court.

(6) Employment by Estate Representative of Former Debtor Employees. Should the Estate representative find it necessary to utilize the services of former employees of the Debtor, the Estate Representative shall be entitled to retain the services of such former employees on such terms as the Estate Representative deems appropriate in the circumstances.

D. Post-Confirmation Committee

On the Effective Date of the Plan, the Post-Confirmation Creditors' Committee, consisting of three (3) members of the Pre-Confirmation Creditors' Committee shall be appointed. The role of the Post-Confirmation Committee shall be to monitor the activities of the Estate Representative and advise the Estate Representative where appropriate. The Estate Representative shall not be required to obtain the Consent of the Post-Confirmation Committee before taking action or consummating agreements. The Post-Confirmation Committee shall have standing to bring before the Court any objections to the activities of the Estate Representative. The Post-Confirmation Committee shall have the right to retain counsel, who shall be compensated solely for services relating to advising the Post-

Confirmation Committee and bringing any objections to the activities of the Estate Representative before the Court.

E. Distribution Procedures

Except as otherwise agreed by the Holder of a particular Claim, or as provided in this Plan, all amounts to be paid by the Estate Representative under the Plan shall be distributed in such amounts and at such times as is reasonably prudent. On the Effective Date, or as soon as practicable thereafter, subject to this Plan, the Estate Representative shall: (i) marshal manage and liquidate all then available Estate Assets; (ii) to the extent of unencumbered Cash or Cash distributable to the Holders of Allowed Claims, establish and fund the Claims Reserve Account pursuant to the Plan; (iii) promptly pay the Holders of (a) Allowed Administrative Claims, (b) Allowed Professional Fee Claims, (c) Allowed Priority Tax Claims and (d) the Holders of Allowed Claims in Class 1, Class 2 and Class 3 and Class 4 as provided for under the Plan; (iv) make interim and final distributions of Estate Assets to the Holders of Allowed Claims from the Claims Reserve Account in the amounts and according to the priorities set forth in this Plan. Notwithstanding any provision to the contrary in this Plan, distributions may be made in full or on a Pro Rata basis depending on: (x) the amount of the Allowed Claim, (y) the then available Estate Assets in the Claims Reserve Account, and (z) the then anticipated Estate Assets. The Estate Representative shall make the Cash payments to the Holders of Allowed Claims: (aa) in U.S. dollars by check, draft or warrant, drawn on a domestic bank selected by the Estate Representative in his sole discretion, or by wire transfer from a domestic bank, at the Estate Representative's

option, and (bb) by first-class mail (or by other equivalent or superior means as determined by the Liquidating Estate).

F. Resolution of Disputed Claims

All objections to Claims shall be filed and served not later than 180 days following the Effective Date; provided, however, such date may be extended by the Bankruptcy Court beyond 180 days upon motion (the "Extension Motion") filed by the Estate Representative prior to the deadline established in this Section 5(L). If an objection is not timely filed or if no Extension Motion is pending by such deadline, any remaining Disputed Claims shall be deemed to be Allowed Claims for purposes of this Plan. Unless otherwise provided in the Confirmation Order, the Estate Representative is authorized to settle, or withdraw any objections to, any Disputed Claim following the Effective Date without further notice to Creditors or authorization of the Bankruptcy Court, but upon prior approval by or notice to the Post Confirmation Committee to the extent specified herein, in which event such Claim shall be deemed to be an Allowed Claim in the amount compromised for purposes of this Plan. Under no circumstances will any distributions be made on account of Disallowed Claims.

G. Claims Reserve Account

On or as soon as practicable after the Effective Date, the Estate Representative shall: (a) to the extent of any Cash or, where applicable, unencumbered Cash, create and fund the Claims Reserve Account; and (b) periodically deposit the Cash from Estate Assets into the Claims Reserve Account to satisfy the obligations created under the Plan. Unless otherwise provided in the Confirmation Order, the Claims Reserve Account shall be invested by the Estate Representative in a manner consistent with the

objectives of section 345(a) of the Bankruptcy Code and in his reasonable and prudent exercise of discretion. The Estate Representative shall have no obligation or liability to beneficiaries in connection with such investments in the event of any unforeseeable insolvency of any financial institution where such funds are held.

H. Reserve Provisions for Disputed Claims

The Estate Representative shall implement the following procedures with respect to the allocation and distribution of Cash in the Claims Reserve Account and each sub-account and reserve therein, after payment of all senior Claims, to the Holders of Disputed Claims that become Allowed Claims:

- (i) Cash respecting Disputed Claims shall not be distributed, but, if necessary, shall be withheld by the Estate Representative in the relevant sub-account as a reserve in an amount equal to the amount of the distributions that would otherwise be made to the Holders of such Claims if such Claims had been Allowed Claims, based on the Disputed' Claims Amount.
- (ii) All Holders of Allowed Unsecured Claims shall be entitled to receive interim distributions under the Plan. No distributions may be made to the Holders of Allowed Unsecured Claims unless adequate reserves are established for the payment of Disputed Claims, and sufficient funds are, also reserved for payment of expected Estate Expenses. Upon the Final Resolution Date, after payment of all senior Claims, all amounts (if any) remaining in the Claims Reserve Account, after reservation of an appropriate amount for anticipated Estate Expenses, shall be transferred to sub-account (vi) for final distribution to the Holders of Allowed Class 4 Claims.

- (iii) Where only a portion of a Claim is Disputed, at the option of the Estate Representative, interim or partial distributions may (but are not required to) be made with respect to the portion of such Claim that is not Disputed.
- (iv) For the purposes of effectuating the provisions of this Plan, the Bankruptcy Court may estimate the amount of any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code, in which event the amounts so fixed or liquidated shall be deemed to be Allowed Claims pursuant to section 502(c) of the Bankruptcy Code for purposes of distribution under this Plan. In lieu of estimating the amount of any Disputed Claim,' the Bankruptcy Court or the Estate Representative may determine the Disputed Claims Amount to be reserved for such Disputed Claim in the appropriate sub-account of the Claims Reserve Account, or such amount may be fixed by agreement in writing by and between the Estate Representative and the Holder thereof.
- (v) When a Disputed Claim becomes an Allowed Claim, there shall be distributed to the Holder of such Allowed Claim, in accordance with the provisions of this Plan, Cash equal to a Pro Rata Share of the Cash set aside for Disputed Claims within the applicable sub-account of the Claims Reserve Account, but in no event shall such Holder be paid more than the amount that would otherwise have been paid to such Holder if the Claim (or the Allowed portion of the Claim) had not been a Disputed Claim.
- (vi) Interim distributions may be made from time to time to the Holders of Allowed Claims prior to the resolution by Final Order or otherwise of all

Disputed Claims, provided that interim distributions shall be made no less frequently than once during each four month period following the month of the Initial Distribution Date, and further provided the aggregate amount of Cash to be distributed at such time from the Claims Reserve Account is practicable in comparison to the anticipated costs of such interim distributions: Notwithstanding the foregoing, subject to Section 5(P) below, no interim distribution shall be made to any Creditor whose distribution would be less than \$50.

- (vii) No Holder of a Disputed Claim shall have any Claim against the Cash reserved with respect to such Claim until such Disputed Claim shall become an Allowed Claim. In no event shall any Holder of any Disputed Claim be entitled to receive (under the Plan or otherwise) from the Debtor, or the Claims Reserve Account any payment (x) which is greater than the amount reserved for such Claim by the Bankruptcy Court pursuant to this Plan except as otherwise permitted under this Plan, of interest or other compensation for delays in distribution. In no event shall the Estate Representative have any responsibility or liability for any loss to or of any amount reserved under the Plan.
- (viii) To the extent a Disputed Claim ultimately becomes an Allowed Claim in an amount less than the Disputed Claim Amount reserved for such Disputed Claim, then the resulting surplus of Cash shall be retained in the Claims Reserve Account and shall be distributed among the Holders of Allowed Claims until such time as each Holder of an Allowed Claim has

been paid the Allowed amount of its Claim.

I. Allocation of Distributions

Distributions to any Holder of an Allowed Claim shall be allocated first to the principal amount of any such Allowed Claim, as determined for federal income tax purposes, and then, to the extent the consideration exceeds such amount, to the remainder of such Claim comprising interest, if any (but solely to the extent that interest is an allowable portion of such Allowed Claim).

J. Rounding

Whenever any payment of a fraction of a cent would otherwise be called for, the actual distribution shall reflect a rounding of such fraction down to the nearest cent.

K. No Interim Cash Payments of Less Than \$50 on Account of Allowed Claims

If an interim distribution to be received by the Holder of an Allowed Claim would be less than \$50, notwithstanding any contrary provision in the Plan, at the discretion of the Estate Representative, no such interim payment will be made to such Holder, and such Cash shall be held for such Holder until the earlier of (i.) the next time an interim distribution is made to the Holders of Allowed Claims (unless the distribution would still be less than \$50 in which case this Section 5(Q) shall again apply), or (ii) subject to Section 5(V) below, the date on which final distributions are made to the Holders of Allowed Claims.

L. Unclaimed Property

Any entity which fails to claim any Cash within 90 days from, the date upon which a distribution is first made to such entity shall forfeit all rights to any distribution under the

Plan. Upon forfeiture, such Cash (including interest thereon) shall be deposited into the Claims Reserve Account to be distributed to the Holders of Allowed Claims in the manner described in Section 5(N)(viii) for distribution of excess amounts. Entities which fail to claim Cash shall forfeit their rights thereto and shall have no claim whatsoever against the Liquidating Estate or any Holder of an Allowed Claim to whom distributions are made by the Estate Representative.

M. Setoffs

Nothing contained in this Plan shall constitute a waiver or release by the Estate of any right of setoff or recoupment the Liquidating Estate or the Debtor may have against any Creditor.

N. No Distributions on Late-Filed Claims

Except as otherwise provided in a Final Order of the Bankruptcy Court, any Claim as to which a Proof of Claim was first filed after the applicable Bar Date, shall be a Disallowed Claim, and the Estate Representative shall not make any distribution to a Holder of such a Claim; provided, however, that to the extent such Claim was listed in the Schedules (other than as contingent, disputed, or unliquidated) and would be an Allowed Claim but for the lack of a timely proof of Claim, the Estate Representative shall treat such Claim as an Allowed Claim in the amount in which it was so listed.

O. Withholding Taxes

Pursuant to section 346(f) of the Bankruptcy Code, the Estate Representative shall be entitled to deduct any federal, state or local withholding taxes from any Cash payments made with respect to Allowed Claims, as appropriate. From and as of the Effective Date, the Estate Representative shall comply with all reporting obligations imposed on it

by any Governmental Unit in accordance with applicable law with respect to such Withholding Taxes. As a condition to making any distribution under this Plan, the Debtor, if on the Effective Date, or the Estate Representative, if on or after the Effective Date, may require that the Holder of an Allowed Claim provide such Holder's taxpayer identification number and such other information and certification as may be deemed necessary for the Debtor, if on the Effective Date, and the Estate Representative, if on or after the Effective Date, to comply with applicable tax reporting and withholding laws.

P. De Minimis Distributions; Charitable Donation

Notwithstanding anything to the contrary therein, the Liquidating Estate shall not be required to make a distribution to any Creditor if the dollar amount of the distribution is so small that the cost of making that distribution exceeds the dollar amount of such distribution. At the Final Distribution Date, the Estate Representative may make a charitable donation with undistributed funds if, in the reasonable judgment of the Estate Representative, the cost of calculating and making the final distribution of the remaining funds is excessive in relation to the benefits to the Creditors who would otherwise be entitled to such distributions.

Q. United States Trustee Fees

All outstanding amounts due under 28 U.S.C. § 1930 that have not been paid shall be paid by the Debtor on or before the Effective Date. Thereafter, the Estate Representative shall pay any statutory fees due pursuant to 28 U.S.C. § 1930(a)(6) and such fees shall be paid until entry of a final decree or an order converting or dismissing the case.

R. Books and Records

Upon the Effective Date of the Plan, the Debtor and its representatives shall arrange for the Estate Representative to have access to all of the Debtor's books and records in whatever form shall assure that such access is maintained until the Bankruptcy Estate is closed.

**VI. TREATMENT OF EXECUTORY CONTRACTS
AND UNEXPIRED LEASES**

A. Rejection of Executory Contracts and Unexpired Leases

Except, with respect to executory contracts or unexpired leases that: (i) were previously assumed or rejected by order of the Bankruptcy Court, and (ii) are the subject of a pending motion to assume or reject, pursuant to section 365 of the Bankruptcy Code, on the Effective Date, each executory contract and unexpired lease entered into by Debtor prior to the Petition Date that has not previously expired or terminated pursuant to its own terms shall be deemed rejected pursuant to Section 365 of the Bankruptcy Code; provided, however, that nothing in this Section A shall cause the rejection, breach or termination of any contract of insurance benefiting the Debtor and its Estate and/or any lease to which Debtor is a party as landlord, or any option in connection with the purchase, transfer or disposition of real property. Further, this Plan shall be deemed a motion to assume such insurance contracts and any real property-related options. Nothing in this Article 6 shall be construed as an acknowledgement that a particular contract or agreement is executory or is properly characterized as a lease. The Confirmation Order shall constitute an Order of the Bankruptcy Court approving such rejections pursuant to Section 365 of the Bankruptcy Code, as of the

Effective Date. The non-Debtor parties to any rejected personal property leases shall be responsible for taking all steps necessary to retrieve the personal property that is the subject of such executory contracts and leases and the Liquidating Estate shall bear no liability for costs associated with such matters.

B. Claims Based on Rejection of Executory Contracts or Unexpired Leases

All proofs of claim with respect to Claims arising from the rejection of executory contracts or unexpired leases pursuant to Confirmation of the Plan, if any, must be Filed with the Bankruptcy Court within thirty (30) days after the earlier of the Effective Date or an order of the Bankruptcy Court approving such rejection. Any Claims arising from the rejection of an executory contract or unexpired lease pursuant to, Confirmation of the Plan that is not Filed within such times will be forever barred from assertion against the Liquidating Estate and its property. All such Claims for which proofs of claim are timely and properly Filed and ultimately Allowed will be treated as Unsecured Claims subject to the provisions of Article 3 hereof.

**VII: CONDITIONS PRECEDENT TO CONFIRMATION OF THE
PLAN AND TO THE EFFECTIVE DATE**

A. Conditions' to Confirmation of the Plan

Confirmation of this Plan is conditioned upon the satisfaction of each of the following conditions precedent, any one or more of which may be waived by the Committee in writing: (i) the Bankruptcy Court shall have approved a disclosure statement to this Plan in form and substance acceptable to the Committee in its sole discretion; (ii) the Court shall have signed the Confirmation Order and entered it on

the docket of the Bankruptcy Case; which Confirmation Order shall be in form and substance acceptable to the Committee and may not be amended, modified, supplemented, or clarified without the prior consent of the Committee (or the Post-Confirmation Committee if the Plan has already become effective) either before or after Confirmation; and (iii) the Confirmation Order shall not be subject to any stay of effectiveness.

B. Conditions to Effective Date

The occurrence of the Effective Date is conditioned upon the satisfaction of each of the following conditions precedent, any one or more may be waived by the Committee in writing: (i) the Confirmation Order shall have become a Final Order which is unstayed; (ii) the Confirmation Date shall have occurred; (iii) no request for revocation of the Confirmation Order under section 1144 of the Bankruptcy Code shall have been made, or if made, shall remain pending; and (iv) the appointment of the Estate Representative shall have been confirmed by order of the Bankruptcy Court, which may be the Confirmation Order.

C. Effect of Failure of Conditions to Confirmation the Effective Date

If any one or more of the conditions in Section 7(A) is not met, the Plan Proponent may withdraw this Plan and, if withdrawn, this Plan shall be of no further force or effect.

D. Effective Date

Provided the above-referenced conditions to the occurrence of the Effective Date are satisfied, this Plan shall become effective on the Effective Date.

VIII. EFFECTS OF CONFIRMATION

A. Binding Effect of Plan

The provisions of the confirmed Plan shall bind the Debtor, the Liquidating

Estate, any Entity acquiring property under the Plan, and any Creditor or Interest Holder, whether or not such Creditor or Interest Holder has filed a Proof of Claim or Interest in the Chapter 11 Case, whether or not the Claim of such Creditor or the Interest of such Interest Holder is impaired under the Plan, and whether or not such Creditor or Interest Holder has accepted or rejected the Plan. All Claims and Debts shall be fixed and adjusted pursuant to this Plan. This Plan shall also bind any taxing authority, recorder of deeds or similar official for any county, state, or governmental unit or parish in which any instrument related to under this Plan or related to any transaction contemplated under this Plan is to be recorded with respect to any taxes of the kind specified in Bankruptcy Code section 1146(a).

B. Vesting of Property of Debtor in the Liquidating Estate

Upon the Effective Date, title to all property of the Estate of the Debtor in the Chapter 11 Case shall vest in the Liquidating Estate and shall be retained by the Liquidating Estate for the purposes contemplated under this Plan. Without limiting the generality of the foregoing, all Litigation Recoveries, rights to Liquidation Proceeds, and all resulting Estate Assets earmarked for distribution to Creditors under the Plan, shall vest in the Liquidating Estate upon the Effective Date.

C. Limitation of Liability

The Debtor and its respective officers, directors, managers, employees, members, agents, advisors, accountants, attorneys and representatives (collectively, the "Exculpated Parties"), will neither have nor incur any liability to any entity for any action in good faith taken or omitted to be taken after the Petition Date in connection with or related to the Chapter 11 Case or the formulation, preparation, dissemination,

implementation, Confirmation or consummation of the Plan, the Disclosure Statement, or any agreement created or entered into in connection with the Plan; provided, however, that this limitation will not affect or modify the obligations created under this Plan, or the rights of any Holder of an Allowed Claim to enforce its rights under the Plan and shall not release any action (or inaction) constituting willful misconduct, fraud or gross negligence (in each case subject to determination of such by final order of a court of competent jurisdiction); provided that any Exculpated Party shall be entitled to reasonably rely upon the advice of counsel with respect to its duties and responsibilities (if any) under this Plan and such reasonable reliance shall form an absolute defense to any such claim, cause of action, or liability. Without limiting the generality of the foregoing, each Exculpated Party shall be entitled to and granted the protections of section 1125(e) of the Bankruptcy Code. No provision of this Plan or the Disclosure Statement shall be deemed to act to or release any claims, Litigation claims or rights, or liabilities that the Liquidating Estate may have against any Entity or person for any act, omission, or failure to act that occurred prior to the Petition Date, nor shall any provision of this Plan be deemed to act to release any Litigation or Litigation claims.

D. Stipulation Releases

Each of the releases and conditional releases set forth in the Stipulation shall continue to be in full force and effect by their own terms and are incorporated into and made a part of this Plan by reference as if fully set forth herein.

E. Injunction

In implementation of the Plan, except as otherwise expressly provided in

the Confirmation Order or the Plan, and except in connection with the enforcement of the terms of the Plan or any documents provided for or contemplated in the Plan, all entities who have held, hold or may hold Claims against or Interests in the Debtor, the Liquidating Estate that arose prior to the Effective Date are permanently enjoined from:

(a) commencing or continuing in, any manner, directly or indirectly, any action or other proceeding of any kind, against the Debtor, the Estate, the Debtor or the Estate with respect to any such Claim or Interest; (b) the enforcement, attachment, collection or recovery by any manner or means, directly or indirectly, of any judgment, award, decree, or order against the Debtor, the Estate, the Liquidating Estate, or any property of the Liquidating Estate, the Debtor, or the Estate with respect to any such Claim or Interest; (c) creating, perfecting or enforcing, directly or indirectly, any Lien or encumbrance of any kind against the Debtor, the Estate, or the Liquidating Estate, or any property of the Liquidating Estate, the Debtor or the Estate with respect to any such Claim or Interest; (d) asserting, directly or indirectly, any setoff, right of subrogation, or recoupment of any kind against any obligation due the Debtor, the Estate, or the Liquidating Estate, or any property of the Liquidating Estate, the Debtor, or the Estate, with respect to any such Claim or Interest; and (e) any act, in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan with respect to such Claim or Interest. Nothing contained in this section shall prohibit the Holder of a timely-filed Proof of Claim from litigating its right to seek to have such Claim declared an Allowed Claim and paid in accordance with the distribution provisions of this Plan, or enjoin or prohibit the interpretation or enforcement by the Claimant of any of the obligations of the Debtor or the Liquidating

Estate under this Plan.

F. Post-Confirmation Liability of Estate Representative

The Estate Representative and the members of any Post-Confirmation Committee, together with their consultants, agents, advisors, attorneys, accountants, financial advisors, other representatives and the professionals engaged by the foregoing (collectively, the "Indemnified Parties") shall not be liable for any and all liabilities, losses, damages, claims, causes of action, costs and expenses, including but not limited to attorneys' fees arising out of or due to their actions or omissions, or consequences of such actions or omissions, to the Holders of Claims or Equity Interests for any action or inaction taken in good faith in connection with the performance or discharge of his or her duties under this Plan, except the Indemnified Parties will be liable for actions or inactions that are grossly negligent, fraudulent, or which constitute willful misconduct (in each case, liability shall be subject to determination by final order of a court of competent jurisdiction). However, any act or omission taken with the approval of the Bankruptcy Court, and not inconsistent therewith, will be conclusively deemed not to constitute gross negligence, fraud or willful misconduct. In addition, the Liquidating Estate shall, to the fullest extent permitted by the laws of the State of New Jersey, indemnify and hold harmless the Indemnified Parties from and against and with respect to any and all liabilities, losses, damages, claims, costs and expenses, including but not limited to attorneys' fees arising out of or due to their actions or omissions, or consequences of such actions or omissions, with respect to the Liquidating Estate or the implementation or administration of the Plan if the Indemnified Party acted in good faith and in a manner reasonably believed to be in or not

opposed to the best interest of the Liquidating Estate. To the extent the Liquidating Estate indemnifies and holds harmless the Indemnified Parties as provided above, the legal fees and related costs incurred by counsel to the Estate Representative in monitoring and participating in the defense of such claims giving rise to the right of indemnification shall be paid as Estate Expenses. All rights of the Persons exculpated and indemnified pursuant hereto shall survive confirmation of the Plan.

G. Insurance

On or as soon as practicable after the Effective Date, the Estate Representative shall obtain a fidelity bond or similar insurance in the estimated amount of the Estate Assets on the Effective Date. In addition, the Estate Representative may obtain (if available) directors' and officers' liability insurance or errors and omission insurance (or equivalent insurance), provided that such insurance is available at a reasonable price. The cost of any fidelity bond or insurance obtained under this Section 8H shall be an Estate Expense.

IX. RETENTION OF JURISDICTION

From and after the Confirmation Date, the Bankruptcy Court shall retain such jurisdiction as is legally permissible, including, but not limited to, for the following purposes:

1. To hear and determine any and all objections to the allowance of a Claim, actions to equitably subordinate a Claim, approval of any necessary claims reconciliation protocols, or any controversy as to the classification of a Claim in a particular Class under the Plan;

2. To administer the Plan, the Liquidating Estate, and the Estate Assets;
3. To liquidate any Disputed Claims;
4. To hear and determine any and all adversary proceedings; contested matters or applications pending on the Effective Date or otherwise relating to, arising from, or in connection with the Litigation;
5. To hear and determine any and all motions and/or objections to fix and allow any Claims arising therefrom;
6. To hear and determine any and all applications by Professionals for an award of Professional Fees;
7. To enable the Estate Representative to commence and prosecute any Litigation which may be brought after the Effective Date;
8. To interpret and/or enforce the provisions of the Plan and the injunction provided for in the Plan and to determine any and all disputes arising under or regarding interpretation of the Plan or any agreement, document or instrument contemplated by the Plan, including without limitation the Stipulation;
9. To enter and implement such orders as may be appropriate in the event Confirmation is for any reason stayed, reversed, revoked, modified or vacated;
10. To modify any provision of the Plan to the extent permitted by the Bankruptcy Code and to correct any defect, cure any omission, or reconcile any inconsistency in the Plan or in the Confirmation Order as may be necessary to carry out the purposes and intent of the Plan;
11. To enter such orders as may be necessary or appropriate in' furtherance of Confirmation and the successful implementation of the Plan and to determine such

other matters as may be provided for in the Confirmation Order, or as may be authorized under the provisions of the Bankruptcy Code; and

12. To close the Chapter 11 Case when administration of the Liquidating Estate and the case has been completed.

X. MISCELLANEOUS

A. Revocation of Plan of Reorganization

The Plan Proponent reserves the right to revoke and withdraw the Plan at any time on or before the Confirmation Date. If the Plan Proponent revokes or withdraws the Plan pursuant to this section, or if Confirmation or the Effective Date does not occur, then the Plan shall be deemed null and void and, in such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtor or any other entity or to prejudice in any manner the rights of the Debtor or any entity in any further proceedings involving the Debtor.

B. Post-Confirmation Conversion/Dismissal

A Creditor or Party in Interest may bring a Motion to convert or dismiss the Case, under Section 1112(b) after the Plan is confirmed. If there is a default in performance of the Plan, or if cause exists under Section 1112(b). If the Court orders the Case converted to Chapter 7, after the Plan is confirmed, then all property that had been property of the Chapter 11 Estate that has not been disbursed pursuant to the Plan will revert in the Chapter 7 Estate and the automatic stay will be reimposed on the revested property only to the extent the relief from the stay was not previously granted by the Court during the case. If this case is converted to Chapter 7 after Confirmation, all Chapter 11

Administrative Expense Claims shall retain their Chapter 11 Administrative Expense status for distribution in the Chapter 7 case.

C. Severability of Plan Provisions

In the event that, prior to the Confirmation Date, any term or provision of this Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court shall, with the consent of the Committee, have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision hereof, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

D. Governing Law

Except to the extent that the Bankruptcy Code or other federal law is applicable, the rights, duties and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New Jersey.

E. Exhibits

All exhibits attached to this Plan, any Plan Supplement, or the Disclosure Statement, and the Stipulation are, by this reference, hereby incorporated into the Plan.

The final version of all Exhibits to the Plan, the Plan Supplement, and the Disclosure Statement will be substantially in the forms attached hereto or thereto. The Plan Proponent reserves the right to make nonsubstantive changes and corrections to such Exhibits in advance of the Confirmation Hearing. If, any Exhibits are changed or corrected, the replacement Exhibits will be filed with the Bankruptcy Court prior to the commencement of the Confirmation Hearing

F. Notices

All notices required or permitted to be made in accordance with the Plan shall be in writing and shall be delivered personally or by nationally recognized overnight or next-day courier service, first class mail or via facsimile with electronic confirmation of receipt as follows:

If to the Debtor

Wasserman, Jurista & Stolz, P.C.
Attention: Daniel M. Stolz, Esq.
110 Allen Road, Suite 304
Basking Ridge, New Jersey 07920

If to Estate Representative

Edward Bond, CPA
Bederson & Company, LLP.
347 Mount Pleasant Avenue
West Orange, New Jersey 07052

G. Reservation of Rights

Neither the filing of the Plan nor any statement or provision contained in the Plan or in the Disclosure Statement, nor the taking by any party in interest of any action with respect to the Plan, shall: (a) be or be deemed to be an admission against interest, and

(b) until the Effective Date, be or be deemed to be a waiver of any rights any party in interest may have (i) against any other party in interest, or (ii) in any of the assets of any other party in interest, and, until the Effective Date, all such rights are, specifically reserved. In the event that the Plan is not confirmed or fails to become effective, neither the Plan nor the Disclosure Statement nor any statement contained in the Plan or in the Disclosure Statement may be used or relied upon in any manner in any suit, action, proceeding or controversy within or without this Chapter 11 Case involving the Debtor, except with respect to Confirmation of the Plan.

H. Computation of Time Periods

In computing any period of time prescribed or allowed by the Plan, the day of the act, event, or default from which the designated period of time begins to run shall, not be included. The last day of the period so computed shall be included unless it is a Saturday, a Sunday, or a legal holiday, or, when the act to be done, is the filing of a paper in the Bankruptcy Court, a day on which weather or other conditions have made the clerk's office inaccessible, in which event the period runs until the end of the next day which is not one of the aforementioned days.

I. Defects, Omissions and Amendments

The Plan Proponent may, with the approval of the Bankruptcy Court and without notice to all Holders of Claims or Interests, insofar as it does not materially and adversely affect Holders of Claims, correct any defect, omission or inconsistency in the Plan in such manner and to such extent as may be necessary or desirable to expedite the execution of the Plan, The-Plan may be altered or amended before or after Confirmation as provided in section 1127 of the Bankruptcy Code if, in the opinion of

the Bankruptcy Court, the modification. does not materially and adversely affect the interests of Holders of Claims, so long as the Plan, as modified, complies with sections 1122 and 1123 of the: Bankruptcy Code and the Debtor has complied with section 1125 of the Bankruptcy Code. The, Plan may, be altered or amended before or after the Confirmation Date but, prior to substantial consummation, in a manner which, in the opinion. of the Bankruptcy Court, materially and adversely affects Holders of Claims, so long as the Plan, as modified, complies with Bankruptcy Code sections 1122 and 1123, the Debtor, has- complied with Bankruptcy Code section 1125 and, after notice and a hearing, the Bankruptcy Court confirms such Plan, as modified, under Bankruptcy Code section 1129.

J. Filing of Additional Documents

The Debtor shall file with the Bankruptcy Court such agreements, instruments, pleadings, orders, papers or other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

K. Successors and Assigns

The rights, benefits and obligations of any entity named or referred to in this Plan shall be binding on, and shall inure to the benefit of, the heirs, executors, administrators, successors and/or assigns of such entity.

L. Setoffs and Recoupments

The Liquidating Estate may, but shall not be required to, set off against or recoup from the payments to be made pursuant to this Plan in respect of a Claim, any claim of any nature whatsoever that the Debtor, the Liquidating Estate, as applicable, may have against the Holder of such Claim, but neither the failure to do so or the

allowance of any Claim hereunder shall constitute a waiver or release of any such claim by the Debtor, the Liquidating Estate, against such Holder.

M. Tax Exemption

Pursuant to section 1146 of the Bankruptcy Code, the issuance, transfer or exchange of any security under this Plan, or the execution, delivery or recording of an instrument of transfer pursuant to, in implementation of or as contemplated by this Plan, including, without limitation, any transfers to or by the Debtor, if on the Effective Date, and the Estate Representative, if after the Effective Date, of the Debtor's property in implementation of or as contemplated by this Plan shall not be taxed under any state or local law imposing a stamp tax, transfer tax or similar tax or fee. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or governmental unit in which any instrument hereunder is to be recorded shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument, without requiring the payment of any documentary stamp tax, deed stamps, stamp tax, transfer tax, intangible tax or similar tax.

N. Securities Exemption

Any rights issued under, pursuant to or in effecting this Plan, and the offering and issuance thereof by any party, including without limitation, the Estate Representative shall be exempt from section 5 of the Securities Act of 1933, if applicable, and from any state or federal securities laws requiring registration for offer or sale of a security or registration or licensing of an issuer of, underwriter of, or broker or dealer in, a security, and shall otherwise enjoy all exemptions available for distributions of securities under a plan of reorganization in accordance with all applicable law,

including without limitation, section 1145 of the Bankruptcy Code.

O. Plan Interest Rate

If and to the extent it is determined by the Bankruptcy Court that interest is required to be paid on an Allowed Claim other than as set forth in this Plan, the interest rate to be used shall be the Plan Interest Rate as determined by the Bankruptcy Court for such Claim.

P. Implementation

Upon Confirmation, the Debtor shall be authorized to take all steps and execute all documents necessary to effectuate the provisions contained in the Plan.

Q. Record Date

To the extent a "Record Date" is required for implementation of this Plan, the record date shall be the voting record date established by the Bankruptcy Court in the order approving the Disclosure Statement or such other date as the Bankruptcy Court may set.

R. Certain Actions

1. By reason of entry of the Confirmation Order, prior to, on or after the Effective Date (as appropriate), all matters provided for under the Plan that would otherwise require approval of directors or stockholders of the Debtor under the Plan, including, without limitation, (i) the distribution of Cash pursuant to the Plan, (ii) the adoption, execution, delivery, and implementation of all contracts, leases, instruments, releases, and other agreements or documents related to the Plan, and (iii) the adoption, execution, and implementation of other matters provided for under the Plan involving the company or organizational structure of the Debtor, shall be deemed to have occurred and shall be in effect prior to, on or after the Effective Date (as

appropriate), pursuant to the applicable general corporation, limited liability, or partnership law of the state in which the Debtor is chartered, organized or incorporated, without any requirement of further action by the directors and stockholders of the Debtor.

2. Effective upon the Effective Date, each of the Debtor's formation documents shall each be deemed amended to prohibit the issuance by the Debtor of nonvoting securities to the extent required under section 1123(a)(6) of the Bankruptcy Code.

3. On or as soon as practicable following the Effective Date, the Estate Representative shall be authorized to cancel, annul and extinguish all Interests.

S. Dissolution of Committee

On the Effective Date, any appointed pre-confirmation Committee will dissolve, and the members of the Committee and the Committee's Professionals will cease to have any role arising from or relating to the Chapter 11 Case. The Professionals retained by the Committee and the members thereof will, not be entitled to assert any fee claims for any services rendered to the Committee or expenses incurred in the service of the Committee after the Effective Date, except for reasonable fees for services rendered, and actual and necessary costs incurred, in connection with any applications for allowance of Professional Fees pending on the Effective Date or filed and served after the Effective Date pursuant to Section 2(C) of the Plan. Nothing herein shall prohibit or limit the ability of Committee Professionals to represent the Estate Representative or to be compensated or reimbursed per the Plan in connection with such representation of the Estate Representative. Nothing herein shall prohibit or

limit the ability of members of the Committee to serve as members of the Post Confirmation Committee.

T. Waiver of Fourteen (14) Day Stay

Plan Proponent requests as part of the Confirmation Order a waiver from the Bankruptcy Court of the fourteen (14) day stay of Bankruptcy Rule 3020(e) and, to the extent applicable, a waiver of the fourteen (14) day stay of Bankruptcy Rule 6004(g).

U. Substantial Consummation

On the Effective Date, the Plan shall be deemed substantially consummated under Bankruptcy Code sections 1101 and 1127(b).

Submitted by:

**ZUCKER, GOLDBERG & ACKERMAN, LLC.,
Plan Proponent**

By: /s/ Michael S. Ackerman
MICHAEL S. ACKERMAN
Managing Member

Dated: January 14, 2016

**WASSERMAN, JURISTA & STOLZ, P.C.
COUNSEL TO ZUCKER, GOLDBERG &
ACKERMAN, LLC.**

By: /s/ Daniel M. Stolz
DANIEL M. STOLZ, ESQ.

Dated: January 14, 2016.

| | |
|---|---------|
| UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY | |
| Caption in Compliance with D.N.J. LBR 9004-2(c) WASSERMAN, JURISTA & STOLZ, P.C. 110 Allen Road, Suite 304 Basking Ridge, New Jersey 07920 Phone: (973) 467-2700 Fax: (973) 467-8126 DANIEL M. STOLZ, ESQ. (DS-1897) <i>Counsel to Zucker, Goldberg & Ackerman, LLC., Debtor and Debtor-in-Possession</i> | |
| In Re: | |
| ZUCKER, GOLDBERG & ACKERMAN, LLC. | |
| | Debtor. |

Judge: Christine M. Gravelle

Chapter: 11

Case No.: 15-24585

DEBTOR'S FIRST AMENDED PLAN OF ORDERLY LIQUIDATION

The Debtor Zucker, Goldberg & Ackerman, LLC., Plan Proponent respectfully submits this Plan of Orderly Liquidation, pursuant to Chapter 11, Title 11 of the United States Bankruptcy Code, in the form annexed hereto and made a part hereof.

**ZUCKER, GOLDBERG & ACKERMAN, LLC.
Plan Proponent**

Dated: January 14, 2016

By: /s/ Michael S. Ackerman
MICHAEL S. ACKERMAN
MANAGING MEMBER

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PRELIMINARY STATEMENT

Pursuant to Chapter 11, Title 11 of the United States Code, 11 U.S.C. §§ 101-1330, Zucker, Goldberg & Ackerman, LLC., Debtor and Debtor-in-Possession in the above-captioned Chapter 11 Case (the "Debtor"), hereby respectfully proposes the following Plan of Orderly Liquidation. Reference is made to the Disclosure Statement accompanying this Plan, including the exhibits thereto, for a discussion of the Debtor's history, business, results of operations and properties, the post-petition liquidation of substantially all of the Debtor's assets and for a summary and analysis of the Plan. All Holders of Claims and Equity Interests should read the Disclosure Statement and the Plan carefully and consult with their counsel and other applicable professionals before voting to accept or reject the Plan.

The Plan sets forth a proposal for the satisfaction of all Claims against the Debtor. With the Plan, Creditors will receive a Ballot for voting on the Plan, and a Disclosure Statement that provides information concerning the Debtor and the Plan.

The Disclosure Statement includes a summary of the assets and liabilities of the Debtor, a summary of what Creditors and Interest Holders will receive under the Plan, a summary of the procedures and voting requirements necessary for confirmation of the Plan, and a discussion of certain alternatives to the Plan in the event that the Plan is not confirmed. You should thoroughly review both the Plan and Disclosure Statement before deciding whether you will vote to accept or reject the Plan.

As more fully described in the Disclosure Statement, the Plan must be approved by the requisite number of Creditors and the Bankruptcy Court must find that the Plan

meets the applicable legal standards before it can be confirmed. If the Plan is not confirmed, the Bankruptcy Court may order the case dismissed, or converted to a liquidating case under Chapter 7 of the Bankruptcy Code, or the Debtor or other parties in interest may propose a different plan.

**I. DEFINED TERMS, RULES OF INTERPRETATION,
COMPUTATION OF TIME AND GOVERNING LAW**

A. Rules of Interpretation, Computation of Time and Governing Law

1. For purposes of the Plan: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and each pronoun, whether stated in the masculine, feminine or neuter gender, shall include the masculine, feminine and the neuter gender; (b) any reference in the Plan to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (c) any reference in the Plan to an existing document or exhibit filed, or to be filed, shall mean such document or exhibit, as it may have been or may be amended, modified or supplemented; (d) unless otherwise specified, all references in the Plan to Sections, Articles and Exhibits are references to Sections, Articles and Exhibits of or to the Plan; (e) the words "herein," "hereof," "hereunder," and "hereto" and similar terms refer to the Plan in its entirety rather than to a particular portion of the Plan; (f) references to part includes the whole, except where the context clearly requires otherwise; (g) "or" has the inclusive meaning represented by the phrase "and/or"; (h) captions and headings to Articles and Sections are inserted

for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (i) the rules of construction set forth in Section 102 of the Bankruptcy Code shall apply; and (j) any term used in capitalized form in the Plan that is not defined herein but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

2. In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

3. Except to the extent that the Bankruptcy Code or Bankruptcy Rules are applicable, and subject to the provisions of any contract, instrument, release, indenture or other agreement or document entered into in connection with the Plan, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New Jersey, without giving effect to the principles of conflict of laws thereof.

B. Defined Terms

Unless the context otherwise requires, the following terms shall have the following meanings when used in capitalized form in the Plan:

1. "Administrative Claim" means a Claim for costs and expenses of administration under Section 503(b), 507(b), 503(b)(9) or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date of preserving the Estate; (b) the value of any goods received by the Debtor within 20 days before the Petition Date in which the goods were sold to the Debtor in the ordinary course of the Debtor's business; (c) compensation for legal, financial

advisory, accounting and other services and reimbursement of expenses awarded or allowed under Section 330(a) or 331 of the Bankruptcy Code; (d) all fees and charges assessed against the Estate under 28 U.S.C. §§ 1911-1930; (e) all obligations designated as Allowed Administrative Claims pursuant to an order of the Bankruptcy Court; (f) administrative claims that were timely filed prior to the Administrative Claims Bar Date; and (g) any Tax Claims incurred by the Debtor after the Petition Date or relating to a tax year or period which occurs after the Petition Date.

2. "Administrative Claims Bar Date" means collectively (i) the last date set by the Bankruptcy Court pursuant to an Administrative Claims Bar Date Order for a Claimant to file a request for payment of any Administrative Claim that arose between the Petition Date and the Effective Date of the Plan, or any claim for the value of any goods received by the Debtor within twenty (20) days before the Petition Date in which the goods were sold to the Debtor in the ordinary course of the Debtor's business.

3. "Administrative Claims Bar Date Order" means any order or orders setting any Administrative Claims Bar Date, which order could be the Confirmation Order.

4. "Allowed" means, with respect to any Claim, except as otherwise provided herein: (a) a Claim that has been scheduled by Debtor in its Schedules as other than disputed, contingent or unliquidated and as to which Debtor or other party in interest has not Filed an objection on or before the 365th day after the Effective Date; (b) a Claim that is set forth in a timely filed Proof of Claim as to which no objection has been Filed; (c) a Claim that has been allowed by a Final Order; (d) a Claim that is allowed: (i) in any stipulation of amount and nature of Claim executed by the Debtor prior to the Effective Date and approved by the Bankruptcy Court; (ii) in any

stipulation of amount and nature of Claim executed by the Estate Representative on or after the Effective Date; (iii) in any stipulation of amount and nature of any Administrative Claim, Priority Claim or Priority Tax Claim executed by (x) the Debtor and approved by the Bankruptcy Court, or (y) the Estate Representative; or (iv) in any contract, instrument, indenture or other agreement entered into or assumed by Debtor in connection with and in accordance with, the Plan; (e) a Claim relating to a rejected executory contract or unexpired lease that either (i) is not a Disputed Claim or (ii) has been allowed by a Final Order, in either case only if a Proof of Claim has been timely Filed by the Claimant before the applicable Rejection Bar Date for such claim or has otherwise been deemed, timely Filed under applicable law; or (f) a Claim that is Allowed pursuant to the terms of this Plan.

5. "Allowed Claim" means a Claim that has been Allowed.

6. "Available Cash" means the aggregate amount of all Cash held by the Debtor on the Effective Date, including the Cash from any operations, Litigation Recoveries or any Liquidation Proceeds collected by the Debtor, prior to the Effective Date.

7. "Avoidance Actions". mean all claims and, causes of action which the Debtor has or, had the power to assert pursuant to any or all of Sections 510, 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code.

8. "Ballot Date" means the date stated in the Voting Instructions by which all Ballots must be received, which date shall be _____, **2016 at __:00 p.m.**

9. "Ballots" mean the ballots upon which Holders of Impaired Claims shall indicate their acceptance or rejection of the Plan in accordance with the Plan and

the Voting Instructions.

10. "Bankruptcy Code" means title I of the Bankruptcy Reform Act of 1978, as amended from time to time, as set forth in sections 101 et seq. of title it of the United States Code, and applicable portions of titles 18 and 28 of the United States Code.

11. "Bankruptcy Court" means the United States District Court for the District of New Jersey having jurisdiction over this Chapter 11 Case and, to the extent of any reference made pursuant to section 157 of title 28 of the United States Code and/or the General Order of such District Court pursuant to Section 151 of title 28 of the United States Code, the bankruptcy unit of such District Court.

12. "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure, as amended from time to time, as applicable to the Chapter 11 Case promulgated under 28 U.S.C. § 2075 and the General, and Local Rules of the Bankruptcy Court.

13. "Business Day" means any day, other than a Saturday, Sunday or legal holiday (as defined in Bankruptcy Rule 9006(a)).

14. "Cash" means cash and cash equivalents, including, but not limited to, bank deposits, wire transfers, checks, and readily marketable securities, instruments and legal tender of the United States of America or instrumentalities thereof.

15. "Chapter 11 Case" means the case commenced under Chapter 11 of the Bankruptcy Code by the Debtor, styled In re Zucker, Goldberg & Ackerman, LLC., Case No. 15-24585 (CMG); currently pending before the Bankruptcy Court.

16. "Claim" means a claim (as defined in Section 101(5) of the Bankruptcy Code) against Debtor, including, but not limited to: (a) any right to payment from Debtor whether or not such right is reduced to judgment, liquidated, unliquidated, contingent,

matured, unmatured, disputed, undisputed, legal,' equitable, secured or unsecured; or (b) any right to an equitable remedy for breach of performance if such performance gives rise to a right of payment from Debtor, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

17. "Claimant" means' the Holder of a Claim.

18. "Claims Reserve Account" means an interest bearing bank account or money market account to be established and held in trust by the Estate Representative on or after the Effective Date for the purpose of holding the Estate Assets to be distributed under the Plan and any interest, dividends or other income earned upon the investment of such Claims Reserve Account. The Claims Reserve Account will be funded by the Debtor or Estate Representative on or immediately after the Effective Date with the Available Cash and, following the Effective Date, from time to time, by the Estate Representative, with: (i) any Liquidation Proceeds and revenue from the Debtor's operations realized after the Effective Date, plus (ii) any Litigation Recoveries realized after the Effective Date, minus (iii) any amounts' necessary to pay Estate Expenses.

19. "Class" means a category of Holders of Claims or Equity Interests as set forth in Article 3 of the Plan.

20. "Committee" means the Official Committee of Unsecured Creditors appointed by the U.S. Trustee in this Chapter 11 Case.

21. "Confirmation" means the entry of the Confirmation Order, subject to all conditions specified in Article 7 of the Plan having been (a) satisfied or (b) waived

pursuant to Article 7.

22. "Confirmation Date" means the date upon which the Confirmation Order is entered by the Bankruptcy Court on its docket, within the meaning of Bankruptcy Rules 5003 and 9021.

23. "Confirmation Order" means the order of the Bankruptcy Court confirming the Plan pursuant to Section 1129 of the Bankruptcy Code, which shall be in form and substance acceptable to the Committee.

24. "Consummation" or "Consummate" means the occurrence of or to achieve the Effective Date.

25. "Contingent Claim" means any Claim for which, a Proof of Claim has been filed with the Bankruptcy Court but was not filed in a sum certain and which Claim has not been estimated, fixed or liquidated by the Bankruptcy Court at a sum certain as of the Effective Date, or a Claim that has accrued but nonetheless remains dependent on the occurrence of a future event that may never occur.

26. "Creditor" means any Holder of a Claim against Debtor. that arose on or prior to the Petition Date.

27. "Debt" means liability on a Claim.

28. "Debtor" means Zucker, Goldberg & Ackerman, LLC.

29. "Debtor in Possession" means Zucker, Goldberg & Ackerman, LLC., as debtor in possession in this Chapter 11 Case pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

30. "Disallowed Claim" means (i) a Claim, or any portion thereof, that has been disallowed by a Final Order; (ii) a Claim that has been listed in the Schedules at

zero or as contingent, disputed, or unliquidated and as to which no proof of Claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code, Final Order, or other applicable law; or (iii) a Claim that has not been listed in the Schedules, and as to which no proof of Claim has been timely filed or, deemed timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code, Final Order, or other applicable law.

31. "Disclosure Statement" means Debtor's Disclosure Statement dated _____, 2016, as amended, supplemented, or modified, from time to time, describing the Plan that was prepared and distributed in accordance with the Bankruptcy Code and Bankruptcy Rules and other applicable law.

32. "Disputed" means with respect to any Claim or Equity Interest, any Claim or Equity Interest: (a) listed on the Schedules as unliquidated, disputed or contingent; (b) as to which Debtor or any other party in interest has interposed a timely objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules or is otherwise disputed by Debtor in accordance with applicable law, which objection, request for estimation or dispute has not been withdrawn or determined by a Final Order; or (c) unless otherwise indicated in the Plan, a Claim as to which the period within which, to object to such Claim has not yet expired.

33. "Disputed Claim" means: (i) any Claim or portion of a Claim as to which an objection to the allowance thereof has been interposed as of the Effective Date or any later deadline fixed under the Plan or by order of the Bankruptcy Court, which objection has not been withdrawn or determined by Final Order; (ii) any Claim for which a proof of Claim is required to be filed and no such Proof of Claim is filed or, if

filed, is filed. after the applicable Bar Date for such Claim; (iii) any Contingent Claim or Unliquidated Claim; (iv) any Claim scheduled by the Debtor in the Schedules as disputed, contingent or unliquidated; (v) a Proof of Claim filed in a greater amount, or of a different nature or priority, than the amount, nature, or priority listed for that Claim in the Schedules; or (vi) a Claim that is not listed in the Schedules. To the extent an objection relates to the allowance of only a part of a Claim, such Claim shall be a Disputed Claim only to the extent of the objection and shall be deemed Allowed as to the portion for which no objection is made.

34. "Disputed Claims Amount" means the aggregate amount of Disputed Claims that are fixed and absolute. For purposes of calculating distributions of Cash under the Plan, the amount of each Disputed Claim shall be based upon either: (i) the face amount of such Creditor's Disputed Claim (or the disputed portion thereof) as set forth in the Creditor's filed proof of Claim; (ii) the amount at which the Bankruptcy Court may estimate such Disputed Claim; or (iii) the amount which the Estate Representative determines in its reasonable judgment is the appropriate amount to be reserved for such Disputed Claim.

35. "Distribution Dates" means collectively the Initial Distribution Date, any Subsequent Distribution(s) Date and the Final Distribution Date.

36. "Distribution Record Date" means the close of business on the Business Day immediately preceding the Effective Date.

37. "Effective Date" means the date selected by the Estate Representative which is a Business Day after the Confirmation Date on which: (a) no stay of the Confirmation Order is in effect, and (b) all conditions specified in the Plan have been

satisfied.

38. "Entity" means an entity as defined in Section 101(15) of the Bankruptcy Code.

39. "Equity Interest" means any equity interest in Debtor, including, but not limited to, all issued, unissued, authorized or outstanding shares or stock, together with any warrants; options or contract rights to purchase or acquire such interests at any time.

40. "Estate" means the estate of the Debtor in this Chapter 11 Case created pursuant to Section 541 of the Bankruptcy Code upon the commencement of this Chapter 11 Case.

41. "Estate Assets" means any and all real property or personal property assets, rights or interests of Debtor, whether tangible or intangible, and any Liquidation Proceeds realized therefrom, including without limitation, all Cash of the Debtor, all Litigation, and any Litigation Recovery.

42. "Estate Expenses" means the expenses incurred by the Estate Representative following the Effective Date (including the fees and costs of attorneys and other professionals) for the purpose of: (i) prosecuting or otherwise attempting to collect or realize upon the Litigation; (ii) selling or collecting upon any of the Estate Assets or otherwise incurred following the Effective Date in connection with generating the Liquidation Proceeds; (iii) resolving Disputed Claims and effectuating distributions to Creditors under the Plan; (iv) revenue from the Debtor's operations pending liquidation of the Estate Assets or (v) otherwise implementing the Plan and closing the Chapter 11 Case, including, but not limited to post-Effective Date

taxes, if any (such as for income, if any, in the Disputed Claims Reserve) and wind-down expenses (such as document storage and final tax returns) and the cost of any bond or insurance obtained for the protection of the Estate Representative.

43. "Estate Representative" The Order of Confirmation of the within Plan of Reorganization shall designate Edward P. Bond, CPA to serve as the Estate Representative. In this Plan, the term "Estate Representative" shall refer to Edward P. Bond or any duly appointed successor Estate Representative.

44. "File" or "Filed" means file or filed with the Bankruptcy Court or its authorized designee in this Chapter 11 Case.

45. "Final Decree" means the decree contemplated under Bankruptcy Rule 3022.

46. "Final Distribution Date" means the date of the last payment to Holders of Allowed Claims in accordance with the provisions of the Plan.

47. "Final Order" means an order or judgment of the Bankruptcy Court or other court of competent jurisdiction: (i) which has not been reversed, stayed, modified or amended; (ii) as to which the time to or the right to appeal or seek reconsideration, review, rehearing, or certiorari has expired or been waived (without regard to whether the time to seek relief from a judgment under Bankruptcy Rule 9024 has expired); and (iii) as to which no appeal or petition for reconsideration, review, rehearing, or certiorari is pending.

48. "Final Resolution Date" means the date on which all Disputed Claims in each and every Class shall have been resolved by Final Order or otherwise finally determined.

49. "General Bar Date" means December 8, 2015, the date set by the Bankruptcy Court as the last day for filing a Claim arising prior to the Petition Date against the Debtor in this Chapter 11 Case.

50. "General Unsecured Claims" means any Claim that is not an Administrative Expense Claim, Priority Tax Claim, Priority Claim or Subordinated Claim.

51. "Governmental Unit" means the United States and any state, commonwealth, district, territory, municipality, department, agency, or instrumentality of the United States (but not a United States trustee while serving as a trustee in a case under this title), or any foreign state.

52. "Holder" means an Entity holding a Claim or Equity Interest.

53. "Impaired" means with respect to a Claim or Class of Claims, a Claim or Class of Claims that is impaired within the meaning of Section 1124 of the Bankruptcy Code.

54. "Initial Distribution Date" means the Effective Date, or as soon as practicable thereafter when the initial distribution shall be made to the Holders of Allowed Unsecured Claims, as determined by the Estate Representative in his reasonable exercise of discretion.

55. "Insider" means an insider of any Debtor, as defined in Section 101(31) of the Bankruptcy Code.

56. "Lien" means any charge against or interest in property (including, but not limited to, any mortgage, lien, pledge, charge, security interest, encumbrance or other security device of any kind) to secure, payment of a debt or performance of an

obligation.

57. "Liquidating Estate" shall be the Debtor's bankruptcy estate subsequent to the Effective Date of this Plan.

58. "Liquidation Proceeds" means any Cash or other consideration paid to or realized by the Debtor or the Estate Representative, as applicable, upon the sale, transfer, assignment or other disposition of the Estate Assets.

59. "Litigation" means the interest of the Estate, as applicable, in any and all claims, rights and causes of action which have been or may be commenced by the Debtor or the Committee, as applicable. Litigation includes, without limitation, any action: (i) to avoid and recover any transfers of property determined to be preferential, fraudulent, or avoidable pursuant to sections 544, 545, 547, 548, 549(a) and 550 of the Bankruptcy Code; (ii) for the turnover of property to the Debtor, as applicable; (iii) for the recovery of property or payment of money that belongs to or can be asserted by the Debtor, as applicable; (iv) for compensation for damages incurred by the Debtor; and (v) equitable subordination actions against Creditors.

60. "Litigation Recovery" means any Cash or other property received by the Debtor, as applicable, from all or any portion of the Litigation, including, but not limited to, awards of damages, attorneys' fees and expenses, interest and punitive damages, whether recovered by way of settlement, execution on judgment or otherwise. If any Litigation is pursued on a contingent fee basis, the Litigation Recovery will be net of any contingent fee paid to legal counsel.

61. "Net Estate Assets" means all Estate Assets after the deduction of amounts to be paid for, or deposited to or withheld in the Claims Reserve Account from any

unencumbered Cash on account of, or in anticipation of, payment of Estate Expenses and, as to each Holder of an Allowed Claim, other than Secured Claims, after deduction of amounts for payments made or to be made (or for deposits made or to be made into the Claims Reserve Account on account of Disputed Claims) with respect to Claims (including unclassified claims that are Administrative Claims and Priority Tax Claims) that are senior in priority to the Claims of such Class.

62. "Objection Deadline" means _____, **2016 at 4:00 p.m.**, the date established by the Bankruptcy Court for the filing of any objection to the Plan.

63. "Petition Date" means August 3, 2015, the date on which Debtor filed its petition for relief commencing this Chapter 11 Case.

64. "Plan" means this Plan of Liquidation, either in its present form or as it may be altered, amended, modified or supplemented from time to time in accordance with the Plan, the Bankruptcy Code and the Bankruptcy Rules, including, without limitation, any exhibits and schedules hereto, either in its present form or as the same may be amended, modified or supplemented from time to time in accordance with the terms and provisions hereof.

65. "Plan Interest Rate" means the rate of interest determined by the Bankruptcy Court upon Confirmation, if necessary, for purposes of the application of section 1124 (impairment) or section 1129(b) of the Bankruptcy Code (Present Value), as the case may be, to the distributions to certain Creditors under the Plan. The Plan Interest Rate may be different for different Classes of Claims.

66. "Plan Objection Deadline" means the deadline established by the Bankruptcy Court for filing and serving objections to Confirmation of the Plan.

67. "Plan Supplement" means any pleading so entitled filed with the Bankruptcy Court at least one (1) business day prior to the initially scheduled date of the Confirmation Hearing, which may include certain exhibits and schedules to this Plan, as well as documents, agreements, and instruments evidencing and effectuating the Plan.

68. "Present Value" means the present value as of 'the Effective Date of Cash payments made under the Plan by the Debtor using the Plan Interest Rate.

69. "Priority Claim" means any Claim, other than an Administrative Claim or a Priority Tax Claim, to the extent entitled to priority under section 507(a) of the Bankruptcy Code.

70. "Priority Tax Claim" means a Claim of a governmental unit of the kind specified in Sections 502(i) and 507(a)(8) of the Bankruptcy Code.

71. "Pro Rata" means proportionately so that, with respect to a Claim, the ratio of: (a). (i) the amount of property distributed on account of, a particular Claim to (ii) the Allowed amount of the Claim, is the same, as the ratio of (b) (i) the amount of property distributed on account of all Allowed Claims in the Class or Classes entitled to% share in the .applicable distribution to (ii) the amount of all Allowed Claims in such Class or Classes:

72. "Professional" means an Entity: (a) employed pursuant to a Final Order in accordance with. Sections 327 and 1103 of the Bankruptcy Code and to be compensated for, services rendered prior to the Effective Date, pursuant to Sections 327, 328, 329, 330 and 331 of the Bankruptcy Code, or (b) for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to Section

503(b)(4) of the Bankruptcy Code.

73. "Professional Fee Claim" means those fees and expenses claimed by Professionals pursuant to Sections 330, 331 and/or 503 of the Bankruptcy Code, and accrued and unpaid as of the Effective Date.

74. "Proof of Claim" means a proof of claim Filed pursuant to Section 501 of the Bankruptcy Code and/or any order of the Bankruptcy Court, together with supporting documents.

75. "Schedules" means the schedules of assets and liabilities as the Bankruptcy Court required the Debtor to file pursuant to Section 521 of the Bankruptcy Code; the Official Bankruptcy Forms and the Bankruptcy Rules, as they may be amended and supplemented from time to time, and Debtor's statement of financial affairs filed with the Bankruptcy Court, as the Bankruptcy Court required the Debtor to file pursuant to Section 521 of the Bankruptcy Code, the Official Bankruptcy Forms and the Bankruptcy Rules, as they may be amended and supplemented from time to time.

76. "Secured Claim" means any Claim that is secured in whole or part, as of the Petition Date, by a Lien which is valid, perfected and enforceable under applicable law and is not subject to avoidance under the Bankruptcy Code or applicable non-bankruptcy law, or subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of such Lien or right of setoff as determined under sections 506(a) or 1129(b) of the Bankruptcy Code, as applicable.

77. "Subsequent Distribution Date" means any date after the Initial Distribution Date: (a) that is (i) subject to Section 5(Q) below, no less frequently than

once during each four month period following the month of the Initial Distribution Date so long as a minimum permissible distribution hereunder is practicable and otherwise as soon as such minimum permissible distribution is practicable, or (ii) otherwise ordered, by the Bankruptcy Court, and (b) upon which the Liquidating Estate makes a distribution to any Holders of Allowed Unsecured Claims.

78. "Tax" means any tax, charge, fee, levy, impost or other assessment by any federal, state, local or foreign taxing authority, including, without limitation, income, excise, property, sales, transfer, employment, payroll, franchise, profits, license, use, ad valorem, estimated, severance, stamp, occupation and withholding tax. "Tax" shall include any interest or additions attributable to, imposed on or with respect to such assessments.

79. "Tax Claim" means all or that portion of an Allowed Claim held by a Governmental Unit for a tax assessed or assessable against the Debtor, including income and employment taxes and any related penalties or interest.

80. "Unimpaired Claim" means an unimpaired Claim within the meaning of Section 1124 of the Bankruptcy Code.

81. "Unliquidated Claim" means any Claim for which a Proof of Claim has been filed with the Bankruptcy Court but was not filed in a sum certain, and which Claim has not been estimated, fixed or liquidated by the Bankruptcy Court at a sum certain as of the Effective Date.

82. "Unsecured Claim" means any Claim against the Debtor or its Estate that is not a Secured Claim, Administrative, Claim, Priority Tax Claim or Priority Claim.

83. "U.S. Trustee" means, the Office of the United States Trustee for Region 3.

84. "Voting Instructions" means the instructions for voting on the Plan contained in Article 1 of the Disclosure Statement and in the Ballots.

85. "Voting Record Date" means the date as of which the identity of Holders of Claims is set for purposes of determining the Entities entitled to receive and vote on the Plan. Pursuant to Bankruptcy Rules 3017(d) and 3018(a); this date, is the date of entry of the Bankruptcy Court's order approving the Disclosure Statement or such other date as the Bankruptcy Court may set.

II. ADMINISTRATIVE CLAIMS, PROFESSIONAL FEES AND PRIORITY TAX CLAIMS

A. Introduction

Certain types of Claims are not placed into voting Classes; instead they are unclassified. They are not considered Impaired and they do not vote on the Plan because they are automatically entitled to the specific treatment provided for them in the Bankruptcy Code. As such, the Debtor has not placed the following Claims in a Class:

B. Administrative Claims

Each Holder of an Allowed Administrative Claim shall receive, from Net Estate Assets; without interest, Cash equal to the Allowed amount of such Claim, unless such Holder shall have agreed to different treatment of such Claim, at the sole option of the Debtor or the Estate Representative, as the case may be: (a) on or as soon as practicable after the later of (i) the Effective Date, or (ii) the date upon which the Bankruptcy Court enters a Final Order determining or approving such Claim; (b) in accordance with the terms and conditions of agreements between the Holders of such

Claims and the Debtor or the Estate Representative, as the case may be; (c) with respect to' any Administrative Claims representing obligations incurred in the ordinary course of the Debtor's business, upon such regular and customary payment or performance terms as may exist in the ordinary course of the Debtor's business or as otherwise provided in the Plan; or (d) with respect to statutory fees due pursuant to 28 U.S.C. § 1930(a)(6), until the entry of a final decree or an order converting or dismissing the case.

Holders of Administrative Claims (including, without limitation, Professionals) requesting compensation or reimbursement of such expenses pursuant to Sections 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code that do not file such requests by the applicable deadline provided for herein shall be forever barred from asserting such claims against the Debtor, its Estate, or its successors or assigns, or its property. Any, objection to Professional Fee Claims shall be filed on or before the objection deadline specified in .the application for final compensation or order of the Bankruptcy Court.

Notwithstanding any provision in the Plan regarding payment of Administrative Claims to the contrary, and without waiver of any argument available that such Claim is already time-barred by prior orders of the Bankruptcy Court, all Administrative Claims that are required to be Filed and not Filed by the Administrative Claim Bar Date shall be deemed disallowed and ` discharged. As provided herein, the Claims Reserve Account will include funds sufficient to cover the aggregate asserted amount of all disputed Administrative Claims. Without limiting the foregoing, all fees payable under 28 U.S.C. § 1930 that have not been paid, shall be paid on or before the Effective Date.

C. Professional Fee Claims

The Estate Representative shall pay Professionals all of their respective accrued and Allowed fees and reimbursement of expenses arising prior to the Effective Date, plus reasonable fees for services rendered, and actual and necessary costs incurred, in connection with the filing, service and prosecution of any applications for allowance of Professional Fees pending on the Effective Date or filed and/or served after the Effective Date, plus post-Effective Date fees approved by the Estate Representative.

The Bankruptcy Court must rule on and allow all Professional Fee Claims before the fees will be owed and paid. For all Pre-Effective Date Professional Fee Claims, except Bankruptcy Clerk's Office fees, the fees and expenses of the Claims Agent, and U.S. Trustee's fees, the Professional in question must file and serve a properly noticed final fee application and the Bankruptcy Court must rule on the application. Only the amount of fees and expenses Allowed by the Bankruptcy Court will be owed and. required to be paid under the Plan.

The Estate Representative may retain, and compensate professionals for services rendered following the Effective Date without order of the Bankruptcy Court. Such post-Effective Date professionals shall provide the Estate Representative with monthly, detailed invoices in respect of their services and expenses, which may be paid by the Estate Representative without Bankruptcy Court approval. Notwithstanding the foregoing, if the Estate Representative objects in writing to the payment of any compensation, such disputed amount shall not be paid prior to the earlier of the resolution of such dispute or a ruling by the Bankruptcy Court.

Professionals requesting compensation or reimbursement of expenses pursuant to Sections 327, 328, 330, 331, 503(b) and 1103 of the Bankruptcy Code or required to file fee applications by order of the Bankruptcy Court for services rendered prior to the Effective Date must File and serve pursuant to the notice provisions of the Interim Fee Order, an application for final allowance of compensation and reimbursement of expenses no later than seventy-five (75) days after the Effective Date. All such applications for final allowance of compensation and reimbursement of expenses will be subject to the authorization and approval of the Bankruptcy Court.

D. Priority Tax Claims

On the later to occur of (i) the Effective Date or (ii) the date on which such Claim shall become an Allowed Claim, the Estate Representative shall pay to each Holder of an Allowed Priority Tax Claim from the Net Estate Assets the Allowed amount of such Allowed Priority Tax Claim without interest from Petition Date.

III. CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

A. Summary

The categories of Claims and Equity Interests listed below classify Claims, and Equity Interests for all purposes, including voting, Confirmation and distribution pursuant to the Plan and pursuant to Sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of

such different Class. A Claim or Equity Interest is in a particular Class only to the extent that such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date.

B. Classification and Treatment of Claims against the Debtor

The classification of Claims and Equity Interests against the Debtor pursuant to the Plan, is as follows:

| | | |
|--|----------|-------------------------------|
| Class 1 – Priority Claims | Impaired | Entitled to Vote on Plan. |
| Class 2 – Secured Claim of J.P. Morgan Chase | Impaired | Entitled to Vote on Plan. |
| Class 3 – General Unsecured Claims | Impaired | Entitled to Vote on the Plan. |
| Class 4 – Equity Interests | Impaired | Entitled to Vote on the Plan. |

1. Class 1-Priority Claims

a. Classification: Class 1 consists of the Priority Claims against the Debtor

b. Treatment: The Estate Representative shall pay from the Net Estate Assets the Allowed amount of each Class 1 Priority Claim to each Entity holding a Class 1 Priority Claim as soon as practicable following the later of: (a) the Effective Date, (b) the date such Class 1 Priority Claim becomes an Allowed Claim (or as otherwise permitted by law) and the payment in full of the secured claim of J.P. Morgan Chase and all administrative claims. The Estate Representative shall pay each Entity holding a Class 1 Priority Claim in Cash in full in respect of such Allowed Claim without interest from the Petition Date; provided, however, that such individual or

Entity may be treated on such less favorable terms as may be agreed to in writing by such Entity.

c. Voting: Class 1 is Impaired Class and Holders of Class 1 shall have a right to vote to accept or reject the Plan.

2. Class 2-Secured Claims of J.P. Morgan Chase

a. Classification: Class 2 consists of Secured Claims of J.P. Morgan Chase.

b. To the extent the Secured Claims of J.P. Morgan Chase have not been paid prior to the Effective Date of the Plan, all claims of J.P. Morgan Chase shall remain secured by all of the Debtor's pre-petition and post-petition assets and Chase shall retain all rights granted to it under the Pre-Petition Security Agreements and the Final Order Authorizing Use of Cash Collateral dated September 10, 2015. With the exception of the "carve out" contained in the Final Cash Collateral Order and any other "carve outs" or payments from the Debtor's pre-confirmation and post-confirmation assets as Chase shall, in writing authorize, no creditor shall be paid prior to the full satisfaction of the secured claims of J.P. Morgan Chase. All liens, encumbrances and claims of J.P. Morgan Chase shall attach to the assets of the Liquidating Estate, in the exact manner that such liens, claims and encumbrances attached to the Debtor's assets prior to confirmation of this Plan.

c. Voting: Class 2 is an Impaired Class and shall have the right to vote to accept or reject the Plan. Claimholders in this class shall retain their liens on their collateral.

3. Class 3 - General Unsecured Claims

a. Classification: Class 3 consists of the Claims of Holders of General Unsecured Claims.

b. Treatment: Each Holder of an Allowed General Unsecured Claim shall receive a Pro Rata share of the Net Estate Assets once all Class 1 and 2 Claimants are paid in full. Class 3 General Unsecured Claims are subject to all statutory, equitable and contractual subordination claims, rights and grounds available to the Debtor, the Estates and pursuant to this Plan, the Estate Representative, which subordination claims, rights and grounds are fully enforceable prior to, on and after the Effective.

c. Voting: Class 3 is an Impaired Class and Holders of Class 3 Claims are entitled to vote to accept or reject the Plan.

6. Class 4 - Equity Interests

a. Classification:

Class 4 consists of all Equity Interests in the Debtor.

b. Treatment:

Each holder of an Allowed Equity Interest in Class 4 shall receive a pro rata share of the Net Estate Assets once all Holders of Claims in Classes 1, 2, and 3 are paid in full. Upon the Effective Date, the Equity Interests will be deemed canceled and will cease to exist.

c. Voting:

Holders of Class 4 Equity Interests is an impaired class and Holders of Class 4 interests are entitled to vote to accept or reject the Plan.

IV. ACCEPTANCE OR REJECTION OF THE PLAN

A. Voting Classes

Each Holder of an Allowed Claim in Classes 1, 2, 3 and 4 is entitled to vote either to accept or to reject the Plan. Only those votes cast by Holders of Allowed Claims shall be counted in determining whether acceptances have been received sufficient in number and amount to obtain Confirmation.

B. Acceptance by Impaired Classes

An Impaired Class of Claims shall have accepted the Plan if. (a) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan, and (b) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of more than one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan.

C. Nonconsensual Confirmation

In the event that any Class of Claims entitled to vote on the Plan fails to accept the Plan as required by section 1129(a) of the Bankruptcy Code, the Plan may be amended and, in any event the Plan Proponent reserves the right to seek confirmation of the Plan over such rejection pursuant to section 1129(b) of the Bankruptcy Code.

D. How to Vote

A form of Ballot is being-provided to Creditors in Classes 3 and 4 by which Creditors in such Class may vote their acceptance or rejection of the Plan. The Ballot for voting on the Plan gives you one important choice to make with respect to the Plan -- you can vote for or against this Plan. To vote on the .Plan, please complete the Ballot,

as indicated thereon by, (1) indicating on the enclosed, ballot that (a) you accept the Plan or (b) reject the Plan and (2) signing your name and mailing the ballot in the envelope provided for this purpose. The Claims Agent will count the Ballots.

IN ORDER TO BE COUNTED, BALLOTS MUST BE COMPLETED, SIGNED AND RECEIVED NO LATER THAN 4:00 P.M. EASTERN TIME ON _____, 2016 AT THE FOLLOWING ADDRESS:

By First Class Mail:

BMC Group
Attn: ZGA Ballot Processing
PO Box 90100
Los Angeles, CA 90009

By Overnight or Hand Delivery:

BMC Group
Attn: ZGA Ballot Processing
300 N. Continental Blvd., #570
El Segundo, CA 90245

DO NOT SEND YOUR BALLOT VIA FACSIMILE OR E-MAIL.

IF YOUR BALLOT IS NOT PROPERLY COMPLETED, SIGNED AND RECEIVED AS DESCRIBED, IT WILL NOT BE COUNTED. IF YOUR BALLOT IS DAMAGED OR LOST, YOU MAY REQUEST A REPLACEMENT BY ADDRESSING A WRITTEN REQUEST TO THE ADDRESS SHOWN ABOVE. FACSIMILE OR ELECTRONICALLY SUBMITTED BALLOTS WILL NOT BE COUNTED.

V. MEANS FOR IMPLEMENTATION OF THE PLAN

A. Available Cash

On or as soon as practical following the Effective Date, the Claims Reserve

Account shall be opened by the Estate Representative and funded with the Available Cash to the extent of any unencumbered Cash, which shall constitute a reserve for the fees, costs and expenses relating to the pursuit of claims and administration of the post-confirmation estate. Thereafter, from time to time, upon receipt of any proceeds, either from the liquidation of assets or resolution of claims, the Estate Representative shall deposit such funds into the Post-Confirmation Distribution Account.

B. Delegation of Claims to Estate Representative

Edward P. Bond, CPA, shall be designated as the Estate Representative, to pursue all claims and liquidate all assets under the Plan. The Order of Confirmation shall provide for the appointment of the Estate Representative consistent with 11 U.S.C. 1123 and The Official Committee Xrel. Cybergeneics vs. Chinery, 330 F. 3d 548 (3rd Cir. 2003), the right to bring all claims reserved to the Debtor under the Plan, including claims under 11 U.S.C. 510, 544, 545, 546, 547, 548, 549, 550 and 551, shall be delegated by the Debtor to the Estate Representative, to pursue on behalf of the Estate and its creditors. The disposition of any net proceeds from the pursuit of claims or liquidation of assets, shall augment the distributions to unsecured creditors in Class 3 under this Plan. The Estate Representative shall be entitled to retain professionals of his choosing and to pay such professionals in the ordinary course, provided however that the Estate Representative and any professionals retained shall send monthly billings to the Post-Confirmation Committee and the Office of the United States Trustee, who, within ten (10) days of receipt of the billings may request that the Court conduct a

hearing with regard to the reasonableness of the fees and expenses. The Estate Representatives shall not be prohibited from retaining professionals employed by the Debtor in Possession or professionals employed by the Pre-Confirmation Committee except that the Estate Representative may not retain professionals employed by the Debtor with regard to claims against insiders and the Estate Representative may not retain Committee Professionals with regard to claims against or that have an impact on members of the Pre-Confirmation Committee.

C. Preservation of Causes of Action

(1) Avoidance Actions. The Estate Representative, on behalf of the respective Debtor, retains all rights on behalf of the respective Debtor to commence and pursue any and all Avoidance Actions or any other claim which is property of the Estate under section 541 of the Bankruptcy Code (under any theory of law or equity, including, the Bankruptcy Code, and in any court or other tribunal including, in an adversary proceeding filed in this Chapter 11 Case) to the extent the Estate Representative, on behalf of the Debtor, deems appropriate. Potential Avoidance Actions, which may but need not have been pursued by the Debtor prior to the Effective Date and by the Estate Representative, after the Effective Date to the extent warranted, include, the following claims against third parties set forth below:

- a. Any and all potential Claims for, or in any way involving, the collection of accounts receivable or any matter related thereto;
- b. Any and all potential Claims against a member, director and/or officer of the Debtors;
- c. Any and all potential Claims for prepetition breaches of

fiduciary duty, negligent management and wasting of corporate assets and corporate opportunity and/or arising under the Debtors' directors and officers insurance policies against the Debtors' prepetition members and officers or managing member, among others;

- d. Any and all potential Claims against the prepetition members of the Debtor's boards of managers or members, for acts or omissions occurring prior to the Petition Date, including, without limitation, the right of equitably subordinate claims held by such managers or members pursuant to Section 510(c) of the Bankruptcy Code;
- e. Any and all potential Claims arising out of, and in connection with, the prepetition management, operation and/or reporting of financial and other information against all persons and entities having any responsibility with respect thereto, whether such claims are legal, equitable or statutory in nature;
- f. Any and all potential Claims to recover amounts improperly paid or otherwise awarded to employees under the terms of any prepetition employment or change in control agreement;
- g. Any and all potential Claims against third parties with respect to prepetition violations of applicable federal or state securities laws;
- h. Any and all potential Claims arising out of or that relate to prepetition acquisitions or financings;
- i. Any and all potential Claims, counterclaims, cross-claims, third party claims, and affirmative defenses asserted or that could be asserted in any litigation involving the Debtor, whether arising before or after the Petition Date; and
- j. Any and all potential Claims for credits; overpayments; overcharges; prepaid deposits and other amounts; adjustments; recoupment; setoffs; and other rights to payment from those Entities who have received payments or other transfers of property of the Estate during the course of the Chapter 11 Case except for claims for overpayment of real property taxes, tax abatements or tax certiorari claims to the extent such taxes are paid by the Plan Sponsor and not paid by the Debtor.

(2) Other Causes of Action. In addition, the potential Avoidance Actions or other claims or causes of action which may be pursued by the Debtor prior to the Effective Date and by the Estate Representative, on behalf of the Debtor after the Effective Date, also include, without limitation the following:

- (i) Any other actual or potential claims or causes of action, whether legal, equitable or statutory in nature, arising out of, or in connection with the Debtor's businesses or operations, including, without limitation, the following; possible claims against Vendors, landlords, sublessees, assignees, customers or suppliers for warranty, indemnity, bank charge/set-off issues, overpayment or duplicate payment issues and collections/accounts receivable matters; deposits or other amounts owed by any creditor, lessor, utility, supplier, vendor, landlord, sublessee, assignee, or another entity; employee, management or operational matters; claims against landlords, sublessees and assignees arising from various leases, subleases and assignment agreements relating thereto, including without limitation, claims for overcharges relating to taxes, common area maintenance and other similar charges; financial reporting; actions against insurance carriers relating to coverage, indemnity or other matters but only to the extent such claim has not been asserted by the Debtor prior to the Effective Date; counterclaims and defenses relating to notes or other obligations; contract or tort claims which may exist or subsequently arise; and
- (ii) Except for the express waiver of certain claims in the Plan, any and all actual or potential avoidance claims pursuant to any applicable section of the Bankruptcy Code, including, without limitation Sections 510, 544, 545, 547, 548, 549, 550, 551, 553(b) and/or 724(a) of the Bankruptcy Code, arising from any transaction involving or concerning the Debtor.

(3) Causes of Action Unknown as of Confirmation Date. In addition, there may be numerous other claims or causes of action belonging to the Debtor which currently exist or may subsequently arise that are not set forth herein because the facts upon which such claims or causes of action are based are not

fully or currently known by the Debtors, and, as a result, cannot be raised during the pendency of the Chapter 11 Cases (collectively, the “**Unknown Causes of Action**”). The failure to list any such Unknown Cause of Action herein is not intended to limit the rights of the Estate Representative, on behalf of the Debtors to pursue any Unknown Cause of Action to the extent the facts underlying such Unknown Cause of Action become fully known to the Debtors and/or the Estate Representative.

(4) No Causes of Action Waived by Omission. The potential net proceeds from the Debtor’s claims or causes of action identified herein or which may subsequently arise or be pursued, are presently speculative and uncertain and therefore no value has been assigned to such recoveries. The Debtor and the Estate Representative do not intend, and it should not be assumed, because any existing or potential claims or causes of action have not yet been pursued or are not set forth herein that such claims have been waived.

(5) Vesting of Causes of Action Reserved under Plan. Except as otherwise provided in the Plan or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, in accordance with Section 1123(b)(3) of the Bankruptcy Code, any claims, rights, and causes of action that the respective Debtor may hold against any Entity, including those claims or causes of action listed herein, shall vest in the Estate Representative, on behalf of the Debtor, who shall retain and may exclusively enforce, as the authorized representative of the Debtor, any and all such claims, rights, or causes of action, as appropriate, in accordance with the best interests of the Debtor and

the Holders of Allowed Claims entitled to distributions under the Plan. The Estate Representative, on behalf of the Debtor shall have the exclusive right, authority, and discretion to institute, prosecute, abandon, settle, or compromise any and all such claims, rights, and causes of action without the consent or approval of any third party and without any further order of the Bankruptcy Court or any other court.

(6) Employment by Estate Representative of Former Debtor Employees. Should the Estate representative find it necessary to utilize the services of former employees of the Debtor, the Estate Representative shall be entitled to retain the services of such former employees on such terms as the Estate Representative deems appropriate in the circumstances.

D. Post-Confirmation Committee

On the Effective Date of the Plan, the Post-Confirmation Creditors' Committee, consisting of three (3) members of the Pre-Confirmation Creditors' Committee shall be appointed. The role of the Post-Confirmation Committee shall be to monitor the activities of the Estate Representative and advise the Estate Representative where appropriate. The Estate Representative shall not be required to obtain the Consent of the Post-Confirmation Committee before taking action or consummating agreements. The Post-Confirmation Committee shall have standing to bring before the Court any objections to the activities of the Estate Representative. The Post-Confirmation Committee shall have the right to retain counsel, who shall be compensated solely for services relating to advising the Post-

Confirmation Committee and bringing any objections to the activities of the Estate Representative before the Court.

E. Distribution Procedures

Except as otherwise agreed by the Holder of a particular Claim, or as provided in this Plan, all amounts to be paid by the Estate Representative under the Plan shall be distributed in such amounts and at such times as is reasonably prudent. On the Effective Date, or as soon as practicable thereafter, subject to this Plan, the Estate Representative shall: (i) marshal manage and liquidate all then available Estate Assets; (ii) to the extent of unencumbered Cash or Cash distributable to the Holders of Allowed Claims, establish and fund the Claims Reserve Account pursuant to the Plan; (iii) promptly pay the Holders of (a) Allowed Administrative Claims, (b) Allowed Professional Fee Claims, (c) Allowed Priority Tax Claims and (d) the Holders of Allowed Claims in Class 1, Class 2 and Class 3 and Class 4 as provided for under the Plan; (iv) make interim and final distributions of Estate Assets to the Holders of Allowed Claims from the Claims Reserve Account in the amounts and according to the priorities set forth in this Plan. Notwithstanding any provision to the contrary in this Plan, distributions may be made in full or on a Pro Rata basis depending on: (x) the amount of the Allowed Claim, (y) the then available Estate Assets in the Claims Reserve Account, and (z) the then anticipated Estate Assets. The Estate Representative shall make the Cash payments to the Holders of Allowed Claims: (aa) in U.S. dollars by check, draft or warrant, drawn on a domestic bank selected by the Estate Representative in his sole discretion, or by wire transfer from a domestic bank, at the Estate Representative's

option, and (bb) by first-class mail (or by other equivalent or superior means as determined by the Liquidating Estate).

F. Resolution of Disputed Claims

All objections to Claims shall be filed and served not later than 180 days following the Effective Date; provided, however, such date may be extended by the Bankruptcy Court beyond 180 days upon motion (the "Extension Motion") filed by the Estate Representative prior to the deadline established in this Section 5(L). If an objection is not timely filed or if no Extension Motion is pending by such deadline, any remaining Disputed Claims shall be deemed to be Allowed Claims for purposes of this Plan. Unless otherwise provided in the Confirmation Order, the Estate Representative is authorized to settle, or withdraw any objections to, any Disputed Claim following the Effective Date without further notice to Creditors or authorization of the Bankruptcy Court, but upon prior approval by or notice to the Post Confirmation Committee to the extent specified herein, in which event such Claim shall be deemed to be an Allowed Claim in the amount compromised for purposes of this Plan. Under no circumstances will any distributions be made on account of Disallowed Claims.

G. Claims Reserve Account

On or as soon as practicable after the Effective Date, the Estate Representative shall: (a) to the extent of any Cash or, where applicable, unencumbered Cash, create and fund the Claims Reserve Account; and (b) periodically deposit the Cash from Estate Assets into the Claims Reserve Account to satisfy the obligations created under the Plan. Unless otherwise provided in the Confirmation Order, the Claims Reserve Account shall be invested by the Estate Representative in a manner consistent with the

objectives of section 345(a) of the Bankruptcy Code and in his reasonable and prudent exercise of discretion. The Estate Representative shall have no obligation or liability to beneficiaries in connection with such investments in the event of any unforeseeable insolvency of any financial institution where such funds are held.

H. Reserve Provisions for Disputed Claims

The Estate Representative shall implement the following procedures with respect to the allocation and distribution of Cash in the Claims Reserve Account and each sub-account and reserve therein, after payment of all senior Claims, to the Holders of Disputed Claims that become Allowed Claims:

- (i) Cash respecting Disputed Claims shall not be distributed, but, if necessary, shall be withheld by the Estate Representative in the relevant sub-account as a reserve in an amount equal to the amount of the distributions that would otherwise be made to the Holders of such Claims if such Claims had been Allowed Claims, based on the Disputed' Claims Amount.
- (ii) All Holders of Allowed Unsecured Claims shall be entitled to receive interim distributions under the Plan. No distributions may be made to the Holders of Allowed Unsecured Claims unless adequate reserves are established for the payment of Disputed Claims, and sufficient funds are, also reserved for payment of expected Estate Expenses. Upon the Final Resolution Date, after payment of all senior Claims, all amounts (if any) remaining in the Claims Reserve Account, after reservation of an appropriate amount for anticipated Estate Expenses, shall be transferred to sub-account (vi) for final distribution to the Holders of Allowed Class 4 Claims.

- (iii) Where only a portion of a Claim is Disputed, at the option of the Estate Representative, interim or partial distributions may (but are not required to) be made with respect to the portion of such Claim that is not Disputed.
- (iv) For the purposes of effectuating the provisions of this Plan, the Bankruptcy Court may estimate the amount of any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code, in which event the amounts so fixed or liquidated shall be deemed to be Allowed Claims pursuant to section 502(c) of the Bankruptcy Code for purposes of distribution under this Plan. In lieu of estimating the amount of any Disputed Claim,' the Bankruptcy Court or the Estate Representative may determine the Disputed Claims Amount to be reserved for such Disputed Claim in the appropriate sub-account of the Claims Reserve Account, or such amount may be fixed by agreement in writing by and between the Estate Representative and the Holder thereof.
- (v) When a Disputed Claim becomes an Allowed Claim, there shall be distributed to the Holder of such Allowed Claim, in accordance with the provisions of this Plan, Cash equal to a Pro Rata Share of the Cash set aside for Disputed Claims within the applicable sub-account of the Claims Reserve Account, but in no event shall such Holder be paid more than the amount that would otherwise have been paid to such Holder if the Claim (or the Allowed portion of the Claim) had not been a Disputed Claim.
- (vi) Interim distributions may be made from time to time to the Holders of Allowed Claims prior to the resolution by Final Order or otherwise of all

Disputed Claims, provided that interim distributions shall be made no less frequently than once during each four month period following the month of the Initial Distribution Date, and further provided the aggregate amount of Cash to be distributed at such time from the Claims Reserve Account is practicable in comparison to the anticipated costs of such interim distributions: Notwithstanding the foregoing, subject to Section 5(P) below, no interim distribution shall be made to any Creditor whose distribution would be less than \$50.

- (vii) No Holder of a Disputed Claim shall have any Claim against the Cash reserved with respect to such Claim until such Disputed Claim shall become an Allowed Claim. In no event shall any Holder of any Disputed Claim be entitled to receive (under the Plan or otherwise) from the Debtor, or the Claims Reserve Account any payment (x) which is greater than the amount reserved for such Claim by the Bankruptcy Court pursuant to this Plan except as otherwise permitted under this Plan, of interest or other compensation for delays in distribution. In no event shall the Estate Representative have any responsibility or liability for any loss to or of any amount reserved under the Plan.
- (viii) To the extent a Disputed Claim ultimately becomes an Allowed Claim in an amount less than the Disputed Claim Amount reserved for such Disputed Claim, then the resulting surplus of Cash shall be retained in the Claims Reserve Account and shall be distributed among the Holders of Allowed Claims until such time as each Holder of an Allowed Claim has

been paid the Allowed amount of its Claim.

I. Allocation of Distributions

Distributions to any Holder of an Allowed Claim shall be allocated first to the principal amount of any such Allowed Claim, as determined for federal income tax purposes, and then, to the extent the consideration exceeds such amount, to the remainder of such Claim comprising interest, if any (but solely to the extent that interest is an allowable portion of such Allowed Claim).

J. Rounding

Whenever any payment of a fraction of a cent would otherwise be called for, the actual distribution shall reflect a rounding of such fraction down to the nearest cent.

K. No Interim Cash Payments of Less Than \$50 on Account of Allowed Claims

If an interim distribution to be received by the Holder of an Allowed Claim would be less than \$50, notwithstanding any contrary provision in the Plan, at the discretion of the Estate Representative, no such interim payment will be made to such Holder, and such Cash shall be held for such Holder until the earlier of (i.) the next time an interim distribution is made to the Holders of Allowed Claims (unless the distribution would still be less than \$50 in which case this Section 5(Q) shall again apply), or (ii) subject to Section 5(V) below, the date on which final distributions are made to the Holders of Allowed Claims.

L. Unclaimed Property

Any entity which fails to claim any Cash within 90 days from, the date upon which a distribution is first made to such entity shall forfeit all rights to any distribution under the

Plan. Upon forfeiture, such Cash (including interest thereon) shall be deposited into the Claims Reserve Account to be distributed to the Holders of Allowed Claims in the manner described in Section 5(N)(viii) for distribution of excess amounts. Entities which fail to claim Cash shall forfeit their rights thereto and shall have no claim whatsoever against the Liquidating Estate or any Holder of an Allowed Claim to whom distributions are made by the Estate Representative.

M. Setoffs

Nothing contained in this Plan shall constitute a waiver or release by the Estate of any right of setoff or recoupment the Liquidating Estate or the Debtor may have against any Creditor.

N. No Distributions on Late-Filed Claims

Except as otherwise provided in a Final Order of the Bankruptcy Court, any Claim as to which a Proof of Claim was first filed after the applicable Bar Date, shall be a Disallowed Claim, and the Estate Representative shall not make any distribution to a Holder of such a Claim; provided, however, that to the extent such Claim was listed in the Schedules (other than as contingent, disputed, or unliquidated) and would be an Allowed Claim but for the lack of a timely proof of Claim, the Estate Representative shall treat such Claim as an Allowed Claim in the amount in which it was so listed.

O. Withholding Taxes

Pursuant to section 346(f) of the Bankruptcy Code, the Estate Representative shall be entitled to deduct any federal, state or local withholding taxes from any Cash payments made with respect to Allowed Claims, as appropriate. From and as of the Effective Date, the Estate Representative shall comply with all reporting obligations imposed on it

by any Governmental Unit in accordance with applicable law with respect to such Withholding Taxes. As a condition to making any distribution under this Plan, the Debtor, if on the Effective Date, or the Estate Representative, if on or after the Effective Date, may require that the Holder of an Allowed Claim provide such Holder's taxpayer identification number and such other information and certification as may be deemed necessary for the Debtor, if on the Effective Date, and the Estate Representative, if on or after the Effective Date, to comply with applicable tax reporting and withholding laws.

P. De Minimis Distributions; Charitable Donation

Notwithstanding anything to the contrary therein, the Liquidating Estate shall not be required to make a distribution to any Creditor if the dollar amount of the distribution is so small that the cost of making that distribution exceeds the dollar amount of such distribution. At the Final Distribution Date, the Estate Representative may make a charitable donation with undistributed funds if, in the reasonable judgment of the Estate Representative, the cost of calculating and making the final distribution of the remaining funds is excessive in relation to the benefits to the Creditors who would otherwise be entitled to such distributions.

Q. United States Trustee Fees

All outstanding amounts due under 28 U.S.C. § 1930 that have not been paid shall be paid by the Debtor on or before the Effective Date. Thereafter, the Estate Representative shall pay any statutory fees due pursuant to 28 U.S.C. § 1930(a)(6) and such fees shall be paid until entry of a final decree or an order converting or dismissing the case.

R. Books and Records

Upon the Effective Date of the Plan, the Debtor and its representatives shall arrange for the Estate Representative to have access to all of the Debtor's books and records in whatever form shall assure that such access is maintained until the Bankruptcy Estate is closed.

**VI. TREATMENT OF EXECUTORY CONTRACTS
AND UNEXPIRED LEASES**

A. Rejection of Executory Contracts and Unexpired Leases

Except, with respect to executory contracts or unexpired leases that: (i) were previously assumed or rejected by order of the Bankruptcy Court, and (ii) are the subject of a pending motion to assume or reject, pursuant to section 365 of the Bankruptcy Code, on the Effective Date, each executory contract and unexpired lease entered into by Debtor prior to the Petition Date that has not previously expired or terminated pursuant to its own terms shall be deemed rejected pursuant to Section 365 of the Bankruptcy Code; provided, however, that nothing in this Section A shall cause the rejection, breach or termination of any contract of insurance benefiting the Debtor and its Estate and/or any lease to which Debtor is a party as landlord, or any option in connection with the purchase, transfer or disposition of real property. Further, this Plan shall be deemed a motion to assume such insurance contracts and any real property-related options. Nothing in this Article 6 shall be construed as an acknowledgement that a particular contract or agreement is executory or is properly characterized as a lease. The Confirmation Order shall constitute an Order of the Bankruptcy Court approving such rejections pursuant to Section 365 of the Bankruptcy Code, as of the

Effective Date. The non-Debtor parties to any rejected personal property leases shall be responsible for taking all steps necessary to retrieve the personal property that is the subject of such executory contracts and leases and the Liquidating Estate shall bear no liability for costs associated with such matters.

B. Claims Based on Rejection of Executory Contracts or Unexpired Leases

All proofs of claim with respect to Claims arising from the rejection of executory contracts or unexpired leases pursuant to Confirmation of the Plan, if any, must be Filed with the Bankruptcy Court within thirty (30) days after the earlier of the Effective Date or an order of the Bankruptcy Court approving such rejection. Any Claims arising from the rejection of an executory contract or unexpired lease pursuant to, Confirmation of the Plan that is not Filed within such times will be forever barred from assertion against the Liquidating Estate and its property. All such Claims for which proofs of claim are timely and properly Filed and ultimately Allowed will be treated as Unsecured Claims subject to the provisions of Article 3 hereof.

**VII: CONDITIONS PRECEDENT TO CONFIRMATION OF THE
PLAN AND TO THE EFFECTIVE DATE**

A. Conditions' to Confirmation of the Plan

Confirmation of this Plan is conditioned upon the satisfaction of each of the following conditions precedent, any one or more of which may be waived by the Committee in writing: (i) the Bankruptcy Court shall have approved a disclosure statement to this Plan in form and substance acceptable to the Committee in its sole discretion; (ii) the Court shall have signed the Confirmation Order and entered it on

the docket of the Bankruptcy Case; which Confirmation Order shall be in form and substance acceptable to the Committee and may not be amended, modified, supplemented, or clarified without the prior consent of the Committee (or the Post-Confirmation Committee if the Plan has already become effective) either before or after Confirmation; and (iii) the Confirmation Order shall not be subject to any stay of effectiveness.

B. Conditions to Effective Date

The occurrence of the Effective Date is conditioned upon the satisfaction of each of the following conditions precedent, any one or more may be waived by the Committee in writing: (i) the Confirmation Order shall have become a Final Order which is unstayed; (ii) the Confirmation Date shall have occurred; (iii) no request for revocation of the Confirmation Order under section 1144 of the Bankruptcy Code shall have been made, or if made, shall remain pending; and (iv) the appointment of the Estate Representative shall have been confirmed by order of the Bankruptcy Court, which may be the Confirmation Order.

C. Effect of Failure of Conditions to Confirmation the Effective Date

If any one or more of the conditions in Section 7(A) is not met, the Plan Proponent may withdraw this Plan and, if withdrawn, this Plan shall be of no further force or effect.

D. Effective Date

Provided the above-referenced conditions to the occurrence of the Effective Date are satisfied, this Plan shall become effective on the Effective Date.

VIII. EFFECTS OF CONFIRMATION

A. Binding Effect of Plan

The provisions of the confirmed Plan shall bind the Debtor, the Liquidating

Estate, any Entity acquiring property under the Plan, and any Creditor or Interest Holder, whether or not such Creditor or Interest Holder has filed a Proof of Claim or Interest in the Chapter 11 Case, whether or not the Claim of such Creditor or the Interest of such Interest Holder is impaired under the Plan, and whether or not such Creditor or Interest Holder has accepted or rejected the Plan. All Claims and Debts shall be fixed and adjusted pursuant to this Plan. This Plan shall also bind any taxing authority, recorder of deeds or similar official for any county, state, or governmental unit or parish in which any instrument related to under this Plan or related to any transaction contemplated under this Plan is to be recorded with respect to any taxes of the kind specified in Bankruptcy Code section 1146(a).

B. Vesting of Property of Debtor in the Liquidating Estate

Upon the Effective Date, title to all property of the Estate of the Debtor in the Chapter 11 Case shall vest in the Liquidating Estate and shall be retained by the Liquidating Estate for the purposes contemplated under this Plan. Without limiting the generality of the foregoing, all Litigation Recoveries, rights to Liquidation Proceeds, and all resulting Estate Assets earmarked for distribution to Creditors under the Plan, shall vest in the Liquidating Estate upon the Effective Date.

C. Limitation of Liability

The Debtor and its respective officers, directors, managers, employees, members, agents, advisors, accountants, attorneys and representatives (collectively, the "Exculpated Parties"), will neither have nor incur any liability to any entity for any action in good faith taken or omitted to be taken after the Petition Date in connection with or related to the Chapter 11 Case or the formulation, preparation, dissemination,

implementation, Confirmation or consummation of the Plan, the Disclosure Statement, or any agreement created or entered into in connection with the Plan; provided, however, that this limitation will not affect or modify the obligations created under this Plan, or the rights of any Holder of an Allowed Claim to enforce its rights under the Plan and shall not release any action (or inaction) constituting willful misconduct, fraud or gross negligence (in each case subject to determination of such by final order of a court of competent jurisdiction); provided that any Exculpated Party shall be entitled to reasonably rely upon the advice of counsel with respect to its duties and responsibilities (if any) under this Plan and such reasonable reliance shall form an absolute defense to any such claim, cause of action, or liability. Without limiting the generality of the foregoing, each Exculpated Party shall be entitled to and granted the protections of section 1125(e) of the Bankruptcy Code. No provision of this Plan or the Disclosure Statement shall be deemed to act to or release any claims, Litigation claims or rights, or liabilities that the Liquidating Estate may have against any Entity or person for any act, omission, or failure to act that occurred prior to the Petition Date, nor shall any provision of this Plan be deemed to act to release any Litigation or Litigation claims.

D. Stipulation Releases

Each of the releases and conditional releases set forth in the Stipulation shall continue to be in full force and effect by their own terms and are incorporated into and made a part of this Plan by reference as if fully set forth herein.

E. Injunction

In implementation of the Plan, except as otherwise expressly provided in

the Confirmation Order or the Plan, and except in connection with the enforcement of the terms of the Plan or any documents provided for or contemplated in the Plan, all entities who have held, hold or may hold Claims against or Interests in the Debtor, the Liquidating Estate that arose prior to the Effective Date are permanently enjoined from:

(a) commencing or continuing in, any manner, directly or indirectly, any action or other proceeding of any kind, against the Debtor, the Estate, the Debtor or the Estate with respect to any such Claim or Interest; (b) the enforcement, attachment, collection or recovery by any manner or means, directly or indirectly, of any judgment, award, decree, or order against the Debtor, the Estate, the Liquidating Estate, or any property of the Liquidating Estate, the Debtor, or the Estate with respect to any such Claim or Interest; (c) creating, perfecting or enforcing, directly or indirectly, any Lien or encumbrance of any kind against the Debtor, the Estate, or the Liquidating Estate, or any property of the Liquidating Estate, the Debtor or the Estate with respect to any such Claim or Interest; (d) asserting, directly or indirectly, any setoff, right of subrogation, or recoupment of any kind against any obligation due the Debtor, the Estate, or the Liquidating Estate, or any property of the Liquidating Estate, the Debtor, or the Estate, with respect to any such Claim or Interest; and (e) any act, in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan with respect to such Claim or Interest. Nothing contained in this section shall prohibit the Holder of a timely-filed Proof of Claim from litigating its right to seek to have such Claim declared an Allowed Claim and paid in accordance with the distribution provisions of this Plan, or enjoin or prohibit the interpretation or enforcement by the Claimant of any of the obligations of the Debtor or the Liquidating

Estate under this Plan.

F. Post-Confirmation Liability of Estate Representative

The Estate Representative and the members of any Post-Confirmation Committee, together with their consultants, agents, advisors, attorneys, accountants, financial advisors, other representatives and the professionals engaged by the foregoing (collectively, the "Indemnified Parties") shall not be liable for any and all liabilities, losses, damages, claims, causes of action, costs and expenses, including but not limited to attorneys' fees arising out of or due to their actions or omissions, or consequences of such actions or omissions, to the Holders of Claims or Equity Interests for any action or inaction taken in good faith in connection with the performance or discharge of his or her duties under this Plan, except the Indemnified Parties will be liable for actions or inactions that are grossly negligent, fraudulent, or which constitute willful misconduct (in each case, liability shall be subject to determination by final order of a court of competent jurisdiction). However, any act or omission taken with the approval of the Bankruptcy Court, and not inconsistent therewith, will be conclusively deemed not to constitute gross negligence, fraud or willful misconduct. In addition, the Liquidating Estate shall, to the fullest extent permitted by the laws of the State of New Jersey, indemnify and hold harmless the Indemnified Parties from and against and with respect to any and all liabilities, losses, damages, claims, costs and expenses, including but not limited to attorneys' fees arising out of or due to their actions or omissions, or consequences of such actions or omissions, with respect to the Liquidating Estate or the implementation or administration of the Plan if the Indemnified Party acted in good faith and in a manner reasonably believed to be in or not

opposed to the best interest of the Liquidating Estate. To the extent the Liquidating Estate indemnifies and holds harmless the Indemnified Parties as provided above, the legal fees and related costs incurred by counsel to the Estate Representative in monitoring and participating in the defense of such claims giving rise to the right of indemnification shall be paid as Estate Expenses. All rights of the Persons exculpated and indemnified pursuant hereto shall survive confirmation of the Plan.

G. Insurance

On or as soon as practicable after the Effective Date, the Estate Representative shall obtain a fidelity bond or similar insurance in the estimated amount of the Estate Assets on the Effective Date. In addition, the Estate Representative may obtain (if available) directors' and officers' liability insurance or errors and omission insurance (or equivalent insurance), provided that such insurance is available at a reasonable price. The cost of any fidelity bond or insurance obtained under this Section 8H shall be an Estate Expense.

IX. RETENTION OF JURISDICTION

From and after the Confirmation Date, the Bankruptcy Court shall retain such jurisdiction as is legally permissible, including, but not limited to, for the following purposes:

1. To hear and determine any and all objections to the allowance of a Claim, actions to equitably subordinate a Claim, approval of any necessary claims reconciliation protocols, or any controversy as to the classification of a Claim in a particular Class under the Plan;

2. To administer the Plan, the Liquidating Estate, and the Estate Assets;
3. To liquidate any Disputed Claims;
4. To hear and determine any and all adversary proceedings; contested matters or applications pending on the Effective Date or otherwise relating to, arising from, or in connection with the Litigation;
5. To hear and determine any and all motions and/or objections to fix and allow any Claims arising therefrom;
6. To hear and determine any and all applications by Professionals for an award of Professional Fees;
7. To enable the Estate Representative to commence and prosecute any Litigation which may be brought after the Effective Date;
8. To interpret and/or enforce the provisions of the Plan and the injunction provided for in the Plan and to determine any and all disputes arising under or regarding interpretation of the Plan or any agreement, document or instrument contemplated by the Plan, including without limitation the Stipulation;
9. To enter and implement such orders as may be appropriate in the event Confirmation is for any reason stayed, reversed, revoked, modified or vacated;
10. To modify any provision of the Plan to the extent permitted by the Bankruptcy Code and to correct any defect, cure any omission, or reconcile any inconsistency in the Plan or in the Confirmation Order as may be necessary to carry out the purposes and intent of the Plan;
11. To enter such orders as may be necessary or appropriate in' furtherance of Confirmation and the successful implementation of the Plan and to determine such

other matters as may be provided for in the Confirmation Order, or as may be authorized under the provisions of the Bankruptcy Code; and

12. To close the Chapter 11 Case when administration of the Liquidating Estate and the case has been completed.

X. MISCELLANEOUS

A. Revocation of Plan of Reorganization

The Plan Proponent reserves the right to revoke and withdraw the Plan at any time on or before the Confirmation Date. If the Plan Proponent revokes or withdraws the Plan pursuant to this section, or if Confirmation or the Effective Date does not occur, then the Plan shall be deemed null and void and, in such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtor or any other entity or to prejudice in any manner the rights of the Debtor or any entity in any further proceedings involving the Debtor.

B. Post-Confirmation Conversion/Dismissal

A Creditor or Party in Interest may bring a Motion to convert or dismiss the Case, under Section 1112(b) after the Plan is confirmed. If there is a default in performance of the Plan, or if cause exists under Section 1112(b). If the Court orders the Case converted to Chapter 7, after the Plan is confirmed, then all property that had been property of the Chapter 11 Estate that has not been disbursed pursuant to the Plan will revert in the Chapter 7 Estate and the automatic stay will be reimposed on the reverted property only to the extent the relief from the stay was not previously granted by the Court during the case. If this case is converted to Chapter 7 after Confirmation, all Chapter 11

Administrative Expense Claims shall retain their Chapter 11 Administrative Expense status for distribution in the Chapter 7 case.

C. Severability of Plan Provisions

In the event that, prior to the Confirmation Date, any term or provision of this Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court shall, with the consent of the Committee, have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision hereof, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

D. Governing Law

Except to the extent that the Bankruptcy Code or other federal law is applicable, the rights, duties and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New Jersey.

E. Exhibits

All exhibits attached to this Plan, any Plan Supplement, or the Disclosure Statement, and the Stipulation are, by this reference, hereby incorporated into the Plan.

The final version of all Exhibits to the Plan, the Plan Supplement, and the Disclosure Statement will be substantially in the forms attached hereto or thereto. The Plan Proponent reserves the right to make nonsubstantive changes and corrections to such Exhibits in advance of the Confirmation Hearing. If, any Exhibits are changed or corrected, the replacement Exhibits will be filed with the Bankruptcy Court prior to the commencement of the Confirmation Hearing

F. Notices

All notices required or permitted to be made in accordance with the Plan shall be in writing and shall be delivered personally or by nationally recognized overnight or next-day courier service, first class mail or via facsimile with electronic confirmation of receipt as follows:

If to the Debtor

Wasserman, Jurista & Stolz, P.C.
Attention: Daniel M. Stolz, Esq.
110 Allen Road, Suite 304
Basking Ridge, New Jersey 07920

If to Estate Representative

Edward Bond, CPA
Bederson & Company, LLP.
347 Mount Pleasant Avenue
West Orange, New Jersey 07052

G. Reservation of Rights

Neither the filing of the Plan nor any statement or provision contained in the Plan or in the Disclosure Statement, nor the taking by any party in interest of any action with respect to the Plan, shall: (a) be or be deemed to be an admission against interest, and

(b) until the Effective Date, be or be deemed to be a waiver of any rights any party in interest may have (i) against any other party in interest, or (ii) in any of the assets of any other party in interest, and, until the Effective Date, all such rights are, specifically reserved. In the event that the Plan is not confirmed or fails to become effective, neither the Plan nor the Disclosure Statement nor any statement contained in the Plan or in the Disclosure Statement may be used or relied upon in any manner in any suit, action, proceeding or controversy within or without this Chapter 11 Case involving the Debtor, except with respect to Confirmation of the Plan.

H. Computation of Time Periods

In computing any period of time prescribed or allowed by the Plan, the day of the act, event, or default from which the designated period of time begins to run shall, not be included. The last day of the period so computed shall be included unless it is a Saturday, a Sunday, or a legal holiday, or, when the act to be done, is the filing of a paper in the Bankruptcy Court, a day on which weather or other conditions have made the clerk's office inaccessible, in which event the period runs until the end of the next day which is not one of the aforementioned days.

I. Defects, Omissions and Amendments

The Plan Proponent may, with the approval of the Bankruptcy Court and without notice to all Holders of Claims or Interests, insofar as it does not materially and adversely affect Holders of Claims, correct any defect, omission or inconsistency in the Plan in such manner and to such extent as may be necessary or desirable to expedite the execution of the Plan, The-Plan may be altered or amended before or after Confirmation as provided in section 1127 of the Bankruptcy Code if, in the opinion of

the Bankruptcy Court, the modification. does not materially and adversely affect the interests of Holders of Claims, so long as the Plan, as modified, complies with sections 1122 and 1123 of the: Bankruptcy Code and the Debtor has complied with section 1125 of the Bankruptcy Code. The, Plan may, be altered or amended before or after the Confirmation Date but, prior to substantial consummation, in a manner which, in the opinion. of the Bankruptcy Court, materially and adversely affects Holders of Claims, so long as the Plan, as modified, complies with Bankruptcy Code sections 1122 and 1123, the Debtor, has- complied with Bankruptcy Code section 1125 and, after notice and a hearing, the Bankruptcy Court confirms such Plan, as modified, under Bankruptcy Code section 1129.

J. Filing of Additional Documents

The Debtor shall file with the Bankruptcy Court such agreements, instruments, pleadings, orders, papers or other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

K. Successors and Assigns

The rights, benefits and obligations of any entity named or referred to in this Plan shall be binding on, and shall inure to the benefit of, the heirs, executors, administrators, successors and/or assigns of such entity.

L. Setoffs and Recoupments

The Liquidating Estate may, but shall not be required to, set off against or recoup from the payments to be made pursuant to this Plan in respect of a Claim, any claim of any nature whatsoever that the Debtor, the Liquidating Estate, as applicable, may have against the Holder of such Claim, but neither the failure to do so or the

allowance of any Claim hereunder shall constitute a waiver or release of any such claim by the Debtor, the Liquidating Estate, against such Holder.

M. Tax Exemption

Pursuant to section 1146 of the Bankruptcy Code, the issuance, transfer or exchange of any security under this Plan, or the execution, delivery or recording of an instrument of transfer pursuant to, in implementation of or as contemplated by this Plan, including, without limitation, any transfers to or by the Debtor, if on the Effective Date, and the Estate Representative, if after the Effective Date, of the Debtor's property in implementation of or as contemplated by this Plan shall not be taxed under any state or local law imposing a stamp tax, transfer tax or similar tax or fee. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or governmental unit in which any instrument hereunder is to be recorded shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument, without requiring the payment of any documentary stamp tax, deed stamps, stamp tax, transfer tax, intangible tax or similar tax.

N. Securities Exemption

Any rights issued under, pursuant to or in effecting this Plan, and the offering and issuance thereof by any party, including without limitation, the Estate Representative shall be exempt from section 5 of the Securities Act of 1933, if applicable, and from any state or federal securities laws requiring registration for offer or sale of a security or registration or licensing of an issuer of, underwriter of, or broker or dealer in, a security, and shall otherwise enjoy all exemptions available for distributions of securities under a plan of reorganization in accordance with all applicable law,

including without limitation, section 1145 of the Bankruptcy Code.

O. Plan Interest Rate

If and to the extent it is determined by the Bankruptcy Court that interest is required to be paid on an Allowed Claim other than as set forth in this Plan, the interest rate to be used shall be the Plan Interest Rate as determined by the Bankruptcy Court for such Claim.

P. Implementation

Upon Confirmation, the Debtor shall be authorized to take all steps and execute all documents necessary to effectuate the provisions contained in the Plan.

Q. Record Date

To the extent a "Record Date" is required for implementation of this Plan, the record date shall be the voting record date established by the Bankruptcy Court in the order approving the Disclosure Statement or such other date as the Bankruptcy Court may set.

R. Certain Actions

1. By reason of entry of the Confirmation Order, prior to, on or after the Effective Date (as appropriate), all matters provided for under the Plan that would otherwise require approval of directors or stockholders of the Debtor under the Plan, including, without limitation, (i) the distribution of Cash pursuant to the Plan, (ii) the adoption, execution, delivery, and implementation of all contracts, leases, instruments, releases, and other agreements or documents related to the Plan, and (iii) the adoption, execution, and implementation of other matters provided for under the Plan involving the company or organizational structure of the Debtor, shall be deemed to have occurred and shall be in effect prior to, on or after the Effective Date (as

appropriate), pursuant to the applicable general corporation, limited liability, or partnership law of the state in which the Debtor is chartered, organized or incorporated, without any requirement of further action by the directors and stockholders of the Debtor.

2. Effective upon the Effective Date, each of the Debtor's formation documents shall each be deemed amended to prohibit the issuance by the Debtor of nonvoting securities to the extent required under section 1123(a)(6) of the Bankruptcy Code.

3. On or as soon as practicable following the Effective Date, the Estate Representative shall be authorized to cancel, annul and extinguish all Interests.

S. Dissolution of Committee

On the Effective Date, any appointed pre-confirmation Committee will dissolve, and the members of the Committee and the Committee's Professionals will cease to have any role arising from or relating to the Chapter 11 Case. The Professionals retained by the Committee and the members thereof will, not be entitled to assert any fee claims for any services rendered to the Committee or expenses incurred in the service of the Committee after the Effective Date, except for reasonable fees for services rendered, and actual and necessary costs incurred, in connection with any applications for allowance of Professional Fees pending on the Effective Date or filed and served after the Effective Date pursuant to Section 2(C) of the Plan. Nothing herein shall prohibit or limit the ability of Committee Professionals to represent the Estate Representative or to be compensated or reimbursed per the Plan in connection with such representation of the Estate Representative. Nothing herein shall prohibit or

limit the ability of members of the Committee to serve as members of the Post Confirmation Committee.

T. Waiver of Fourteen (14) Day Stay

Plan Proponent requests as part of the Confirmation Order a waiver from the Bankruptcy Court of the fourteen (14) day stay of Bankruptcy Rule 3020(e) and, to the extent applicable, a waiver of the fourteen (14) day stay of Bankruptcy Rule 6004(g).

U. Substantial Consummation

On the Effective Date, the Plan shall be deemed substantially consummated under Bankruptcy Code sections 1101 and 1127(b).

Submitted by:

**ZUCKER, GOLDBERG & ACKERMAN, LLC.,
Plan Proponent**

By: /s/ Michael S. Ackerman
MICHAEL S. ACKERMAN
Managing Member

Dated: January 14, 2016

**WASSERMAN, JURISTA & STOLZ, P.C.
COUNSEL TO ZUCKER, GOLDBERG &
ACKERMAN, LLC.**

By: /s/ Daniel M. Stolz
DANIEL M. STOLZ, ESQ.

Dated: January 14, 2016.