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Attorneys for Debtor

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA**

In re:
BELTWAY ONE DEVELOPMENT GROUP
LLC,

Debtor.

Case No.: 11-21026-MKN
Chapter 11

Consolidated Disclosure Statement and
Confirmation Hearing Dates:
January 9, 2012, at 9:30 a.m.;
January 10, 2012, at 1:30 p.m.;
January 12, 2012, at 1:30 p.m.

**DISCLOSURE STATEMENT TO ACCOMPANY
DEBTOR'S PLAN OF REORGANIZATION**

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I.
INTRODUCTION

On July 13, 2011 (the "Petition Date"), Beltway One Development Group LLC, a Nevada limited liability company ("Debtor"), filed its voluntary Chapter 11 bankruptcy petition (the "Voluntary Petition") in the United States Bankruptcy Court for the District of Nevada, Las Vegas (the "Bankruptcy Court"), thereby commencing case number BK-S-11-21026-MKN (the "Chapter 11 Case").¹ Debtor has prepared this Disclosure Statement (the "Disclosure Statement") in connection with the solicitation of votes on *Debtor's Plan of Reorganization* filed on October 25, 2011 (the "Plan")² to treat the Claims of Creditors of Debtor and the Persons holding Equity Securities in Debtor. The various exhibits to this Disclosure Statement included in the Appendix are incorporated into and are a part of this Disclosure Statement. The Plan is included as **Exhibit "1"** in the Appendix. After having reviewed the Disclosure Statement and the Plan, any interested party desiring further information may contact:

GORDON SILVER
Attn: Talitha Gray Kozlowski, Esq.
3960 Howard Hughes Parkway, 9th Floor
Las Vegas, Nevada 89169
(702) 796-5555 Telephone
(702) 369-2666 Facsimile
Email: tkozlowski@gordonsilver.com

Interested parties may also obtain further information from the Bankruptcy Court at its PACER website: <http://www.nvb.uscourts.gov>.

II.
INFORMATION REGARDING THE PLAN AND DISCLOSURE STATEMENT

The objective of a Chapter 11 Case is the confirmation (i.e., approval by the bankruptcy court) of a plan of reorganization for a debtor. A plan describes in detail (and in language appropriate for a legal contract) the means for satisfying the claims against, and equity interests in, a debtor. After a plan has been filed, the holders of such claims and equity securities that are

¹ Unless otherwise indicated herein, all references to "Chapters" or "Sections" refer to Title 11 of the U.S. Code (the "Bankruptcy Code").

² Capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Plan.

1 impaired (as defined in Section 1124) are permitted to vote to accept or reject the plan. Before a
2 debtor or other plan proponent can solicit acceptances of a plan, Section 1125 requires the debtor
3 or other plan proponent to prepare a disclosure statement containing adequate information of a
4 kind, and in sufficient detail, to enable those parties entitled to vote on the plan to make an
5 informed judgment about the plan and whether they should accept or reject the plan.

6 The purpose of this Disclosure Statement is to provide sufficient information about
7 Debtor and the Plan to enable Creditors to make an informed decision in exercising their rights to
8 accept or reject the Plan. After the appropriate Persons have voted on whether to accept or reject
9 the Plan, there will be a hearing on the Plan to determine whether it should be confirmed. At the
10 Confirmation Hearing, the Bankruptcy Court will consider whether the Plan satisfies the various
11 requirements of the Bankruptcy Code, including but not necessary limited to Section 1129. The
12 Bankruptcy Court will also receive and consider a ballot summary that will present a tally of the
13 votes of Classes accepting or rejecting the Plan cast by those entitled to vote. Once confirmed,
14 the Plan will be treated essentially as a contract binding on all Creditors, Holders of Equity
15 Securities, and other parties-in-interest in the Chapter 11 Case.

16 THIS DISCLOSURE STATEMENT IS NOT THE PLAN. FOR THE CONVENIENCE
17 OF CREDITORS AND HOLDERS OF EQUITY SECURITIES, THE PLAN IS
18 SUMMARIZED IN THIS DISCLOSURE STATEMENT. IN THE EVENT OF ANY
19 INCONSISTENCY BETWEEN THIS DISCLOSURE STATEMENT AND THE PLAN, THE
20 PLAN WILL CONTROL.

21 **III.**
22 **REPRESENTATIONS**

23 Unless otherwise specifically noted, the financial information in this Disclosure
24 Statement has not been subject to audit. Instead, this Disclosure Statement was prepared from
25 information compiled from records maintained in the ordinary course of Debtor's business.
26 Debtor has attempted to be accurate in the preparation of this Disclosure Statement.

27 Other than as stated in this Disclosure Statement, Debtor has not authorized any
28 representations or assurances concerning Debtor and its operations or the value of its assets.

1 Therefore, you should scrutinize any information received from any third-party and you assume
 2 any risk resulting from reliance upon such unauthorized information. In deciding whether to
 3 accept or reject the Plan, you should therefore not rely on any information relating to Debtor or
 4 the Plan other than that contained in this Disclosure Statement or in the Plan itself.

5 **IV.**
GENERAL OVERVIEW OF THE PLAN

6 **A. General Overview.**

7 The following is a general overview of the provisions of the Plan, and is qualified in its
 8 entirety by reference to the provisions of the Plan itself. The Plan's treatment of each Class of
 9 Claims is summarized in the following table:

<u>Class</u>	<u>Description</u>	<u>Treatment</u>	<u>Estimated Claim</u>
Class 1	Wells Fargo Claim	Impaired. Solicitation required.	\$9,807,506.28
Class 2	BB&T Claim	Impaired. Solicitation required.	\$3,235,347.35 ³
Class 3	Other Secured Claims	Unimpaired. No solicitation required.	\$0.00
Class 4	Priority Unsecured Claims	Unimpaired. No solicitation required.	\$0.00 ⁴
Class 5	General Unsecured Claims	Impaired. Solicitation required.	\$28,500 ⁵
Class 6	Equity Securities	Unimpaired. No solicitation required.	N/A

22 ...

23
 24 ³ BB&T has advised that as of October 18, 2011, the BB&T Claim totaled \$3,341,964.00. Debtor disputes BB&T's claim calculation.

25 ⁴ One proof of Claim asserting a priority unsecured claim in the sum of \$2,634.60 has been filed. Debtor disputes that such proof of Claim constitutes a valid priority unsecured claim and intends to obtain its disallowance.

26 ⁵ The sum of \$28,500 is comprised of an estimate of all scheduled Claims, as well as all Claims asserted through the filing of proofs of Claim as of the filing of this Disclosure Statement. Debtor anticipates filing objections to certain of the filed proofs of Claim, which, if sustained, will result in a reduction in the total Allowed General Unsecured Claims.

1 **B. Treatment Of Administrative Claims.**

2 Pursuant to Section 1123(a)(1), Allowed Administrative Claims are not designated as a
 3 Class. The Holders of such unclassified Claims shall be paid in full under the Plan consistent
 4 with the requirements of Section 1129(a)(9)(A) and are not entitled to vote on the Plan. The
 5 amount of Administrative Claims incurred, but unpaid as of the Confirmation Hearing is
 6 estimated to be \$75,000.⁶ This is comprised of: (i) estimated fees and costs of approximately
 7 \$89,000 incurred by Debtor's bankruptcy counsel, the law firm of Gordon Silver, less their
 8 retainer of \$24,011.13; and (ii) estimated fees and costs of \$10,000 incurred by Kenneth W.
 9 Wiles of the Acceleron Group, LLC, Debtor's interest rate expert. The foregoing amount is an
 10 estimate only and, to date, no applications have been filed or orders have been entered allowing
 11 these fees or the payment thereof by Debtor.

12 Each Allowed Administrative Claim shall be paid by Reorganized Debtor (or otherwise
 13 satisfied in accordance with its terms) upon the latest of: (i) the Effective Date or as soon
 14 thereafter as is practicable; (ii) such date as may be fixed by the Bankruptcy Court, or as soon
 15 thereafter as practicable; (iii) the fourteenth (14th) Business Day after such Claim is Allowed, or
 16 as soon thereafter as practicable; and (iv) such date as the Holder of such Claim and Reorganized
 17 Debtor shall agree upon.

18 **C. Class 1 – Wells Fargo Claim.**

19 Class 1 is comprised of the Wells Fargo Claim, which is calculated as follows: The
 20 outstanding principal and accrued interest at the non-default rate due and owing by Debtor to
 21 Wells Fargo under the Wells Fargo Note as of the Petition Date, which principal and interest
 22 totals \$9,807,506.28, minus the Wells Fargo Adequate Protection Payments tendered on account
 23 of the Wells Fargo Loan, plus: (i) any accrued and unpaid interest from the Petition Date up to
 24 the Effective Date at the rate the greater of: (a) 1-month LIBOR plus 2.0%; or (b) 4.25%, as
 25 more fully set forth in Section 4 of the Wells Fargo Note; and (ii) reasonable attorney's fees,
 26 costs, and expenses incurred by Wells Fargo post-petition and prior to the Effective Date, solely

27 _____
 28 ⁶ Pursuant to Section 331, Debtor's duly-retained professionals are able to seek the allowance and payment of their
 incurred fees and costs and may do so prior to the Confirmation Hearing.

1 to the extent that such fees, costs, and expenses are approved by entry of a Final Order of the
2 Bankruptcy Court.

3 On the Effective Date, all pre-Effective Date defaults under the Loan Documents shall be
4 deemed to have been cured and on the Effective Date, Debtor and/or Reorganized Debtor shall
5 be current and in good standing under the Wells Fargo Loan Documents. Additionally, on the
6 Effective Date, the Wells Fargo Loan Documents shall remain in full force and effect, save and
7 except that: (i) without any further action by Debtor, Reorganized Debtor, or Wells Fargo, all of
8 the Loan Documents shall be deemed to have been amended as follows; and (ii) the Class 1
9 Allowed Wells Fargo Claim will be evidenced by the Wells Fargo Amended and Restated Note,
10 which will be effective on the Effective Date and will generally incorporate the terms of the
11 Wells Fargo Note as modified as follows:

12 a. Principal Balance. The principal balance of the Wells Fargo
13 Amended and Restated Note shall be the Wells Fargo Claim.

14 b. Lien. From and after the Confirmation Date, the Holder of the
15 Class 1 Wells Fargo Claim shall retain its Lien in the Wells Fargo Real
16 Property⁷ consistent with the applicable Loan Documents and the Wells
Fargo Amended and Restated Note until the Wells Fargo Amended and
Restated Note is repaid in full.

17 c. Post-Effective Date Interest. Interest shall accrue on the Wells
18 Fargo Amended and Restated Note at the Wells Fargo Interest Rate.

19 d. Monthly Payments.

20 (i) On the later of: (i) March 14, 2012; and (ii) the fourteenth
21 (14th) Business Day of the first full calendar month following the Effective
22 Date, Reorganized Debtor shall distribute the sum of \$200,000 to Wells
Fargo, which shall be applied by Wells Fargo as a principal reduction of
the principal balance of the Wells Fargo Amended and Restated Note.

23 (ii) Beginning on the later of: (i) April 16, 2012; and (ii) the
24 fourteenth (14th) Business Day of the second full calendar month
25 following the Effective Date, and on the fourteenth (14th) Business Day of
26 each subsequent month up to and through the Maturity Date, Reorganized
Debtor shall distribute to Wells Fargo monthly principal and interest
payments on the outstanding balance of the Wells Fargo Amended and

27 ⁷ The Plan defines "Wells Fargo Real Property" as "that certain real property located in Las Vegas, Clark County,
28 Nevada, having Assessor's Parcel Number 163-32-111-012, and all improvements thereto."

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Restated Note amortized over a period of thirty (30) years at the Wells Fargo Interest Rate.

e. Maturity Date. The unpaid balance of the Wells Fargo Amended and Restated Note shall be due and payable on the Maturity Date.

f. Prepayment. There shall be no penalty for prepayment for all or part of the Wells Fargo Amended and Restated Note prior to the Maturity Date.

g. Refinancing and Sale Options. Prior to the Maturity Date, Debtor shall have the absolute right to act as follows:

(iii) Refinance the Wells Fargo Amended and Restated Note; provided, however, that the proceeds of such refinancing loan are sufficient to pay all sums due and owing under the Wells Fargo Amended and Restated Note at the time of closing of such refinancing, unless Wells Fargo otherwise agrees; or

(iv) Sell the Real Property free and clear of Wells Fargo's Liens; provided, however, that the proceeds of such sale are sufficient at the time of closing of such sale, to pay all sums due and owing under the Wells Fargo Amended and Restated Note, unless Wells Fargo otherwise agrees.

h. Financial Covenants. On and after the Effective Date, all financial covenants, expressly including debt coverage ratio requirements, set forth in the Wells Fargo Loan Documents shall be of no force and effect, including but not limited to the financial covenants set forth in Section 5.13 of the Wells Fargo Loan Agreement.

i. Insolvency and Bankruptcy Relief. Debtor's pre-Effective Date insolvency, inability to pay its debts as they mature, the making of an assignment for the benefit of creditors by Debtor or the Wells Fargo Guarantors, the appointment of a receiver of the property of Debtor or the Wells Fargo Guarantors, or the filing of a voluntary or involuntary petition under Title 11 or similar proceeding under law against Debtor or the Wells Fargo Guarantors shall not constitute an event of default under the Wells Fargo Loan Documents.

The Creditor in Class 1 is impaired under the Plan, and thus the Holder of the Class 1 Claim is entitled to vote on the Plan.

D. Class 2 – BB&T Claim.

Class 2 is comprised of the BB&T Claim, which is calculated as follows: The outstanding principal and accrued interest at the non-default rate due and owing by Debtor to BB&T under

1 the BB&T Note as of the Petition Date, which principal and interest Debtor contends totals
2 \$3,235,347.35, minus the BB&T Adequate Protection Payments tendered on account of the
3 BB&T Loan, plus: (i) any accrued and unpaid interest from the Petition Date up to the Effective
4 Date at the rate set forth in the BB&T Note; and (ii) reasonable attorney's fees, costs, and
5 expenses incurred by BB&T post-petition and prior to the Effective Date, solely to the extent that
6 such fees, costs, and expenses are approved by entry of a Final Order of the Bankruptcy Court.

7 On the Effective Date, all pre-Effective Date defaults under the Loan Documents shall be
8 deemed to have been cured and on the Effective Date, Debtor and/or Reorganized Debtor shall
9 be current and in good standing under the BB&T Loan Documents. Additionally, on the
10 Effective Date, the BB&T Loan Documents shall remain in full force and effect, save and except
11 that: (i) without any further action by Debtor, Reorganized Debtor, or BB&T, all of the Loan
12 Documents shall be deemed to have been amended as follows; and (ii) the Class 2 Allowed
13 BB&T Claim will be evidenced by the BB&T Amended and Restated Note, which will be
14 effective on the Effective Date and will generally incorporate the terms of the BB&T Note as
15 modified as follows:

16 a. Principal Balance. The principal balance of the BB&T Amended
17 and Restated Note shall be the BB&T Claim.

18 b. Lien. From and after the Confirmation Date, the Holder of the
19 Class 2 BB&T Claim shall retain its Lien in the BB&T Real Property⁸ consistent
20 with the applicable Loan Documents and the BB&T Amended and Restated Note
21 until the BB&T Amended and Restated Note is repaid in full.

22 c. Post-Effective Date Interest. Interest shall accrue on the BB&T
23 Amended and Restated Note at the BB&T Interest Rate.

24 d. Monthly Payments.

25 (i) Beginning on the later of: (i) March 14, 2012; and (ii) the
26 fourteenth (14th) Business Day following the first (1st) day of the second
27 (2nd) month following the Effective Date and on the fourteenth (14th)
28 Business Day of each subsequent month up to and including April 14,
2014, Reorganized Debtor shall distribute to BB&T interest-only

⁸ The Plan defines "BB&T Real Property" as "that certain real property located in Las Vegas, Clark County, Nevada, having Assessor's Parcel Number 163-32-111-014, and all improvements thereto."

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payments on the then-outstanding balance of the BB&T Amended and Restated Note at the BB&T Interest Rate.

(ii) Beginning on May 14, 2014 and on the fourteenth (14th) Business Day of each subsequent month up to and through the Maturity Date, Reorganized Debtor shall distribute to BB&T monthly principal and interest payments on the outstanding balance of the BB&T Amended and Restated Note amortized over a period of thirty (30) years at the BB&T Interest Rate.

e. Maturity Date. The unpaid balance of the BB&T Amended and Restated Note shall be due and payable on the Maturity Date.

f. Prepayment. There shall be no penalty for prepayment for all or part of the BB&T Amended and Restated Note prior to the Maturity Date.

g. Refinancing and Sale Options. Prior to the Maturity Date, Debtor shall have the absolute right to act as follows:

(i) Refinance the BB&T Amended and Restated Note; provided, however, that the proceeds of such refinancing loan are sufficient to pay all sums due and owing under the BB&T Amended and Restated Note at the time of closing of such refinancing, unless BB&T otherwise agrees; or

(ii) Sell the Real Property free and clear of BB&T's Liens; provided, however, that the proceeds of such sale are sufficient at the time of closing of such sale, to pay all sums due and owing under the BB&T Amended and Restated Note, unless BB&T otherwise agrees.

h. Financial Covenants. On and after the Effective Date, all financial covenants, expressly including debt coverage ratio requirements, set forth in the BB&T Loan Documents shall be of no force and effect.

i. Insolvency and Bankruptcy Relief. Debtor's pre-Effective Date insolvency, inability to pay its debts as they mature, the making of an assignment for the benefit of creditors by Debtor or the BB&T Guarantors, the appointment of a receiver of the property of Debtor or the BB&T Guarantors, or the filing of a voluntary or involuntary petition under Title 11 or similar proceeding under law against Debtor or the BB&T Guarantors shall not constitute an event of default under the BB&T Loan Documents.

The Creditor in Class 2 is impaired under the Plan, and thus the Holder of the Class 2 Claim is entitled to vote on the Plan.

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1 **E. Class 3 - Other Secured Claims.**

2 Each Allowed Other Secured Claim,⁹ if any, shall, in full and final satisfaction of such
3 Claim, be paid in full in Cash or otherwise left Unimpaired by Debtor or Reorganized Debtor, as
4 the case may be, upon the latest of: (i) the Effective Date or as soon thereafter as practicable; (ii)
5 such date as may be fixed by the Bankruptcy Court; (iii) the fourteenth (14th) Business Day after
6 such Claim is Allowed; and (iv) such date as agreed upon by the Holder of such Claim and
7 Debtor, and after the Effective Date, Reorganized Debtor.

8 Creditors in Class 3 are Unimpaired under the Plan, and therefore, the Holders of Claims
9 in Class 3 are not entitled to vote on the Plan.

10 **F. Class 4 - Priority Unsecured Claims.**

11 Priority Unsecured Claims,¹⁰ if any, shall, in full and final satisfaction of such Claims, be
12 paid in full in Cash on the latest of: (i) the Effective Date, or as soon thereafter as is practical; (ii)
13 such date as may be fixed by the Bankruptcy Court, or as soon thereafter as is practicable; (iii)
14 the fourteenth (14th) Business Day after such Claim is Allowed, or as soon thereafter as is
15 practicable; or (iv) such date as the Holder of such Claim and Reorganized Debtor has agreed or
16 shall agree.

17 Creditors in Class 4 are Unimpaired under the Plan, and therefore, the Holders of Class 4
18 Claims are not entitled to vote on the Plan.

19 **G. Class 5 - General Unsecured Claims.**

20 A General Unsecured Claim is a Claim, including a Claim arising under Section 502(g)
21 of the Bankruptcy Code that is not secured by a charge against or interest in property in which
22 the Estate has an interest and is not an unclassified Claim, Administrative Claim, or Priority
23 Unsecured Claim.

24 Except to the extent that a Creditor with an Allowed General Unsecured Claim agrees to
25 less favorable treatment, each Creditor with an Allowed General Unsecured Claim, shall, in full

26 ⁹ "Other Secured Claims" is defined in the Plan as "[a]ny Secured Claim, other than the BB&T Claim and the Wells
27 Fargo Claim."

28 ¹⁰ "Priority Unsecured Claims" is defined in the Plan as "[a]ny and all Claims accorded priority in right of payment
under Section 507(c) of the Bankruptcy Code."

1 and final satisfaction of such Claim, be paid in full in Cash, plus post-Effective Date interest at
2 the Unsecured Interest Rate, on the latest of: (i) the sixtieth (60th) Business Day after the
3 Effective Date, as soon thereafter as is practical; (ii) such date as may be fixed by the Bankruptcy
4 Court, or as soon thereafter as is practicable; (iii) the fourteenth (14th) Business Day after such
5 Claim is Allowed, or as soon thereafter as is practicable; or (iv) such date as the Holder of such
6 Claim and Reorganized Debtor have agreed or shall agree.

7 Class 5 is Impaired under the Plan. The Holders of Class 5 Claims are entitled to vote on
8 this Plan.

9 **H. Class 6 - Equity Securities.**

10 On the Effective Date, the Holders of Equity Securities of Debtor shall retain all of their
11 legal interests. The Holders of the Class 6 Equity Securities are Unimpaired, and are therefore
12 deemed to have accepted the Plan and are not entitled to vote on the Plan

13 **V.**
14 **SUMMARY OF VOTING PROCESS**

15 **A. Who May Vote To Accept Or Reject The Plan.**

16 Generally, holders of allowed claims or equity interests that are “impaired” under a plan
17 are permitted to vote on the plan. A claim is defined by the Bankruptcy Code and the Plan to
18 include a right to payment from a debtor. An equity security represents an ownership stake in a
19 debtor, such as a share. In order to vote, a creditor must first have an allowed claim.

20 The solicitation of votes on the Plan will be sought only from those Holders of Allowed
21 Claims whose Claims are impaired and which will receive property or rights under the Plan. As
22 explained more fully below, to be entitled to vote, a Claim must be both “Allowed” and
23 “Impaired.”

24 **B. Summary Of Voting Requirements.**

25 In order for the Plan to be confirmed, the Plan must be accepted by at least one non-
26 insider, impaired class of claims, excluding the votes of insiders. A class of claims is deemed to
27 have accepted a plan when allowed votes representing at least two-thirds (2/3) in amount and a
28 majority in number of the claims of the class actually voting cast votes in favor of a plan. A

1 class of equity securities has accepted a plan when votes representing at least two-thirds (2/3) in
 2 amount of the outstanding equity securities of the class actually voting cast votes in favor of a
 3 plan.

4 Debtor is soliciting votes from Holders of Allowed Claims in the following Classes:

<u>Class</u>	<u>Description</u>
Class 1	Wells Fargo Claim
Class 2	BB&T Claim
Class 5	General Unsecured Claims

10 Debtor has the right to supplement this Disclosure Statement as to additional Impaired
 11 Classes, if any.

12 **A VOTE FOR ACCEPTANCE OF THE PLAN BY THOSE HOLDERS OF**
 13 **CLAIMS WHO ARE ENTITLED TO VOTE IS MOST IMPORTANT. DEBTOR**
 14 **ASSERTS THAT THE TREATMENT OF CREDITORS UNDER THE PLAN IS THE**
 15 **BEST ALTERNATIVE FOR CREDITORS, AND THUS DEBTOR RECOMMENDS**
 16 **THAT THE HOLDERS OF ALLOWED CLAIMS WHO ARE ENTITLED TO VOTE ON**
 17 **THE PLAN DO VOTE IN FAVOR OF THE PLAN.**

18 **VI.**
 19 **INFORMATION ABOUT DEBTOR'S BUSINESS AND THE CHAPTER 11 CASE**

20 **A. Description Of Debtor's Business And Acquisition History.**

21 Debtor is a Nevada limited liability company owned by: (i) Antonio Alamo; (ii) GKT 4,
 22 LLC; (iii) David and Margaret Argier; (iv) Doris Argier; (v) Thomas Barrett; (vi) Illene and
 23 Charles Casper Family Trust; (vii) Cox Family Trust dated June 7, 1993; (viii) Stan Fairhurst;
 24 (ix) Harris Family Trust; (x) Christopher James Hukill Revocable Living Trust; (xi) Susan M.
 25 Jones 1989 Living Trust; (xii) Andrew and Ruth Kryk; (xiii) Huntington Classic Limited
 26 Partnership; (xiv) D.B. Neish, Inc.; (xv) 1990 Nigro Trust; (xvi) Nevada Asset Trust dated
 27 12/17/02; (xvii) Alan Sklar; and (xviii) Easterfield #9 LLC, (xix) Beltway One Management
 28

1 Group LLC; (XX) Nigro Development LLC; (xxi) Z&D Investments Limited Partnership; and
2 (xxii) Crest Ridge LLC. Debtor is managed by Beltway One Management Group, LLC.

3 Debtor owns and operates the Desert Canyon Business Park, a master planned business
4 park located at the corner of Russell Road and the I-215 consisting of approximately fifteen (15)
5 acres more specifically identified as APNs 163-32-111-014 and 163-32-111-012 (the
6 "Property"). Two multi-tenant, commercial buildings are constructed on the Property, with each
7 building being located on a separate parcel. The buildings are internally referred to as "Building
8 8" and "Building 11."

9 Building 8 was constructed in 2006 on 2.03 acres, with 29,824 sq. ft. of net rentable area.
10 As of the Petition Date, Building 8 was approximately 41% occupied. Its tenants are Shadow
11 Mesa and Craig Guenther Law Office. Debtor generates collective monthly lease revenue of
12 approximately \$25,000 from Building 8.

13 Building 11 was constructed in 2007 on 4.2 acres, with 56,701 sq. ft. of net rentable area.
14 As of the Petition Date, Building 11 was approximately 81.1% occupied. Its tenants are Beazer
15 Homes, American Benefit Plan Administrators, Beecher Carlson Insurance Services LLC, DCO
16 Energy LLC, Flamingo LLC, Lovitt & Touche, Inc., J. Lamarca & J. Polis (NV LLC), J.
17 Lamarca & J. Polis (ASI Capital Corp.), and Capital Business Services. Debtor generates
18 collective monthly lease revenue of approximately \$100,000 from Building 11.

19 **B. Debtor's Secured Loan Obligations.**

20 **1. The BB&T Loan.**

21 A Construction Loan Agreement was entered into between Debtor and Colonial Bank,
22 N.A. ("Colonial")¹¹ effective as of September 20, 2006, pursuant to which Colonial agreed to
23 lend Debtor the principal sum of \$13.257 Million. Consistent therewith, Debtor executed the
24 Promissory Note Secured by Deed of Trust (together with all modifications, extensions,
25 ...
26 ...

27
28 ¹¹ In or about August 2009, BB&T purchased the assets of Colonial.

1 renewals, and replacements thereof, if any, the “BB&T Note”¹² in the principal sum of \$13.257
 2 Million. As security for the repayment of the BB&T Note: (i) Debtor and Colonial entered into
 3 the Deed of Trust and Security Agreement and Fixture Filing with Assignment of Rents; and (ii)
 4 Edward Nigro, Donna Nigro, Michael Nigro, Margaret Nigro, Todd Nigro, Beltway One
 5 Management Group, LLC, and Nigro Development, LLC (collectively, the “BB&T Guarantors”)
 6 guaranteed repayment of the BB&T Loan.

7 The BB&T Note matured on March 20, 2010, at which point, the outstanding obligation
 8 was approximately \$3.235 Million. Both prior to and after the maturity date, Debtor contacted
 9 BB&T seeking to discuss the BB&T Loan, which calls and correspondence were not responded
 10 to pre-petition. Receiving no response from BB&T, Debtor ceased tendering payments post-
 11 maturity; however, BB&T retained the sum of approximately \$69,028 in an IRA account under
 12 its control.

13 **2. The BB&T Loan is fully secured.**

14 Pre-petition, Debtor engaged Keith Harper, MAI of Valuation Consultants to appraise the
 15 BB&T Real Property constituting Building 8 of the Desert Canyon Business Park located at 9127
 16 West Russell Road, Las Vegas, Nevada 89148. A copy of Mr. Harper’s appraisal dated August
 17 19, 2011 (the “Building 8 Appraisal”) is attached hereto as **Exhibit “2.”** The Building 8
 18 Appraisal provides an “as is market value” as of August 16, 2011 of \$5.045 Million, more than
 19 \$1 Million in-excess-of the outstanding balance of the BB&T loan, and a “prospective as
 20 stabilized market value” as of August 16, 2013 of \$5.97 Million. The BB&T Loan is thus fully
 21 secured.

22 **3. The Wells Fargo Loan.**

23 A Term Loan Agreement was entered into between Debtor and Wachovia Bank, N.A.
 24 (“Wachovia”)¹³ effective as of May 16, 2008, pursuant to which Wachovia agreed to lend Debtor
 25 the principal amount of \$10 Million (the “Wells Fargo Loan”). Consistent therewith, Debtor

26 ¹² In May 2008, the BB&T Note, was converted to a 2-year “mini-perm” loan through the execution of the
 27 Amendment to Promissory Note Secured by Deed of Trust and the Modification to Deed of Trust and Securities
 Agreement and Fixture Filing with Assignment of Rents.

28 ¹³ In or about October 2008, Wells Fargo became the successor-by-merger to Wachovia.

1 executed the Promissory Note (together with all modifications, extensions, renewals, and
2 replacements thereof, if any, the "Wells Fargo Note") in favor of Wachovia, in the principal sum
3 of \$10 Million. As security for the repayment of the Wells Fargo Note: (i) Debtor and Wachovia
4 entered into the Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing;
5 (ii) Debtor also granted Wachovia an Assignment of Permits, Licenses and Approvals; and (iii)
6 Edward Nigro, Donna Nigro, Todd Nigro, Ryanne Nigro, Michael Nigro, and Margaret Nigro
7 (collectively, the "Wells Fargo Guarantors") guaranteed the repayment of the Wells Fargo Loan.

8 In or about August 2008, Debtor and Wachovia entered into a swap agreement with an
9 effective date of May 16, 2008 and a termination date of May 16, 2011. The swap agreement
10 was terminated pre-petition. The Wells Fargo Note matured on May 16, 2011, at which time, the
11 outstanding obligation on the Wells Fargo Note was approximately \$9.789 Million.

12 **4. The Wells Fargo Loan is fully secured.**

13 Pre-petition, Debtor engaged Keith Harper, MAI of Valuation Consultants to appraise the
14 Wells Fargo Real Property, constituting Building 11 of the Desert Canyon Business Park located
15 at 9127 West Russell Road, Las Vegas, Nevada 89148. A copy of Mr. Harper's appraisal dated
16 August 19, 2011 (the "Building 11 Appraisal") is attached hereto as **Exhibit "3."** The Building
17 11 Appraisal denotes that Building 11 is stabilized and therefore the value as of August 16, 2011
18 is \$11.13 Million, more than \$1 Million in-excess-of the outstanding balance of the Wells Fargo
19 Loan. The Wells Fargo Loan is thus fully secured.

20 **C. The Events Necessitating The Commencement Of The Chapter 11 Case.**

21 Despite having received all monthly payment obligations, on May 18, 2010, Wells Fargo
22 issued to Debtor and the Wells Fargo Guarantors notices of default premised solely on an alleged
23 loan-to-value ratio covenant default. Specifically, Wells Fargo alleged that the value of the
24 Property was \$10.15 Million and therefore, purportedly in order to comply with the covenant
25 requiring a loan-to-value ratio of less than 70%, demanded that Debtor immediately tender a
26 payment of \$2,793,419 in order to reduce the Loan balance to \$7.105 Million. Debtor was not
27 able to satisfy the demand.

28 ...

1 Based on Debtor's ability to fully service its monthly payment obligations under the
2 Wells Fargo Note, and Debtor's understanding that the Wells Fargo Real Property was fully
3 secured, prior to the maturity date, Debtor contacted Wells Fargo and sought to reach a
4 consensual resolution with Wells Fargo to extend the term of the Wells Fargo Loan. Despite
5 months of negotiations and Debtor's ability to service its monthly debt obligations, Wells Fargo
6 refused to reach a consensual resolution with Debtor unless a consensual resolution was also
7 reached with regard to separate loan obligations with Wells Fargo to which Debtor was not a
8 party. As a global resolution could not be reached, on or about July 8, 2011, Wells Fargo
9 recorded its Notice of Trustee's Sale and advised Debtor that it would be filing a complaint and
10 seeking the appointment of a receiver the following week, thereby leaving Debtor with no other
11 option but to seek Chapter 11 relief despite its ability to service its monthly debt obligations
12 under the Wells Fargo Note. In order to preserve Debtor's value for the benefit of all of its
13 creditors and equity security holders, Debtor commenced its Chapter 11 Case on July 13, 2011.

14 **D. Debtor's Financial Condition.**

15 Debtor's revenue is derived primarily from its leases of Buildings 8 and 11. For the
16 period of January through May 2011, Debtor's income exceeded its expenses by in-excess-of
17 \$215,000, after payment of approximately \$286,000 in principal and interest payments to Wells
18 Fargo. Further, for the fiscal year ending December 31, 2011, Debtor anticipates that its revenue
19 will exceed its operating and capital expenses by approximately \$1 Million.¹⁴ Moreover, on the
20 Petition Date, Debtor had cash and cash equivalents in the approximate aggregate sum of \$1.29
21 Million, approximately \$69,028 of which was under the control of BB&T in an IRA account.

22 As evident by the foregoing and as further demonstrated by Debtor's projections attached
23 hereto as **Exhibit "4"** (the "Projections"), Debtor has sustainable operations, and is able to
24 service its debt as provided in the Plan.

25 ...

26
27 ¹⁴ This is before the principal and interest payment of approximately \$286,000 tendered pre-petition to Wells Fargo
28 and the adequate protection payments of \$180,000 tendered to Wells Fargo and \$82,500 tendered to BB&T through
December 31, 2011.

1 **E. Commencement Of The Chapter 11 Case And Significant Events In The Case.**

2 **1. The first day motions.**

3 On July 13, 2011, Debtor filed its Chapter 11 Case. Concurrently therewith, Debtor filed
4 its *Emergency Motion for Entry of an Interim Order Pursuant to Bankruptcy Rule 4001(b) and*
5 *LR 4001(b): (1) Preliminarily Determining Extent of Cash Collateral and Authorizing Interim*
6 *Use of Cash Collateral by Debtor; and (2) Scheduling a Final Hearing to Determine Extent of*
7 *Cash Collateral and Authorizing Use of Cash Collateral by Debtor* [ECF No. 4] (the "Cash
8 Collateral Motion"), seeking authorization to use Debtor's cash and cash equivalents constituting
9 cash collateral (as defined in Section 363) to maintain Debtor's operations during its Chapter 11
10 Case. After negotiations with Wells Fargo, Debtor and Wells Fargo entered into the *Stipulation*
11 *Authorizing Use of Cash Collateral and Granting Adequate Protection* [ECF No. 63] (the "Cash
12 Collateral Stipulation"), which was approved by entry of an order of the Bankruptcy Court on
13 September 20, 2011 [ECF No. 73] (the "Cash Collateral Order"). The Cash Collateral Order
14 authorized: (i) Debtor's use of the funds constituting Wells Fargo's cash collateral and the
15 Disputed Cash Collateral (as defined in the Cash Collateral Stipulation) in accordance with the
16 Cash Collateral Stipulation and Budgets; and (ii) Debtor's use of funds constituting BB&T's
17 cash collateral as provided for in the Budgets and in accordance with the Cash Collateral Motion.

18 As adequate protection of Wells Fargo and BB&T's interest in their respective cash
19 collateral, since July 2011, Debtor has tendered: (i) monthly adequate protection payments to
20 Wells Fargo in the sum of \$30,000, which sum is consistent with Debtor's monthly payment
21 obligation to Wells Fargo under the Wells Fargo Note; and (ii) monthly adequate protection
22 payments to BB&T in the sum of \$13,750, which sum is consistent with Debtor's monthly
23 payment obligation to BB&T under the BB&T Note.

24 On the Petition Date, Debtor also filed its *Emergency Motion Pursuant to 11 U.S.C. §§*
25 *105(a) and 366 for an Order Determining that Adequate Assurance Has Been Provided to the*
26 *Utility Companies* [ECF No. 5] (the "Utility Motion"), thereby seeking entry of an order: (1)
27 determining that Debtor's utility providers have been provided with adequate assurance of
28 payment within the meaning of Section 366; (2) approving Debtor's proposed procedures

1 whereby the utility providers may request additional or different adequate assurance; (3)
2 prohibiting the utility providers from altering, refusing, or discontinuing services on account of
3 pre-petition amounts outstanding and on account of any perceived inadequacy of Debtor's
4 proposed adequate assurance; and (4) determining that Debtor is not required to provide any
5 additional adequate assurance beyond what is proposed by the Utility Motion. The Utility
6 Motion was approved by entry of an order of the Bankruptcy Court on July 21, 2011 [ECF No.
7 32].

8 **2. Employment of Debtor's counsel.**

9 On July 14, 2011, Debtor filed an *Application for Order Approving Employment of*
10 *Gordon Silver as Attorneys for Debtor* (the "GS Retention Application") [Docket No. 11],
11 whereby Debtor sought to employ Gordon Silver as its bankruptcy counsel in its Chapter 11
12 Case. On August 26, 2011, the Bankruptcy Court entered an order approving the GS Retention
13 Application *nunc pro tunc* to the Petition Date [Docket No. 52].

14 On October 11, 2011, Debtor filed its *Application for Order Approving the Retention of*
15 *Kenneth W. Wiles as Debtor's Interest Rate Expert* [ECF No. 81] (the "Wiles Retention
16 Application"), whereby Debtor sought to employ Kenneth Wiles of Acceleron Group, LLC as its
17 interest rate expert. The Wiles Retention Application is scheduled for hearing on October 26,
18 2011, and Debtor anticipates that it will be approved.

19 On September 19, 2011, Debtor filed its *Motion for Order Authorizing and Approving*
20 *Debtor to Employ and to Compensate Sklar Williams in the Ordinary Course of Business* (the
21 "Ordinary Course Motion"), whereby, out of an abundance of caution, Debtor sought entry of an
22 order authorizing the retention and compensation of Sklar Williams, who was retained by Debtor
23 pre-petition in the ordinary course of its business, to continue to perform certain lease
24 negotiation services. The Ordinary Court Motion is scheduled for hearing on October 26, 2011,
25 and Debtor anticipates that it will be approved.

26 **3. Other proceedings.**

27 On August 30, 2011, Debtor filed its *Motion Seeking Order: (i) Assuming Lease with*
28 *American Benefit Plan Administrators, Inc.; and (ii) Approving Lease Amendment Including*

1 *Authority to Pay All Necessary Costs Associated with Tenant Improvements* [ECF No. 54] (the
2 "Lease Assumption Motion"), seeking entry of an order authorizing Debtor to assume the
3 Standard Multi-Tenant Office Lease – Gross and approving the Second Amendment to Standard
4 Multi-Tenant Office Lease – Gross and authorizing Debtor to pay all tenant improvement
5 expenses associated therewith. The Lease Assumption Motion was granted by entry of an order
6 of the Bankruptcy Court on October 14, 2011 [ECF No. 90].

7 To date, Debtor has filed all required Monthly Operating Reports and paid all required
8 fees to the Office of the United States Trustee (the "UST").

9
10 **VII.**
DETAILED DESCRIPTION OF THE PLAN

11 **A. Means Of Implementation Of The Plan.**

12 **1. Revesting of assets.**

13 On and after the Effective Date, all of Debtor's assets shall vest in Reorganized Debtor
14 and Reorganized Debtor shall continue to exist as a separate entity in accordance with applicable
15 law. Debtor's existing articles of organization, by-laws, and operating agreements (as amended,
16 supplemented, or modified) will continue in effect for Reorganized Debtor following the
17 Effective Date, except to the extent that such documents are amended in conformance with the
18 Plan or by proper corporate action after the Effective Date. As permitted by Section
19 1123(a)(5)(B), on the Effective Date, all of Debtor's Assets, including the Litigation Claims and
20 right, title, and interest being assumed by Reorganized Debtor in the assumed Executory
21 Contracts shall vest in Reorganized Debtor. Thereafter, Reorganized Debtor may operate its
22 business and may use, acquire, and dispose of such property free and clear of any restrictions of
23 the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Court. Except as specifically
24 provided in the Plan or the Confirmation Order, as of the Effective Date, all property of
25 Reorganized Debtor shall be free and clear of all Claims and Interests.

26 **2. The amended and restated notes and loan documents.**

27 On the effective Date: (i) the Amended and Restated Wells Fargo Note shall be executed
28 by Reorganized Debtor and delivered to Wells Fargo; and (ii) the Amended and Restated BB&T

1 Note shall be executed by Reorganized Debtor and delivered to BB&T. The Wells Fargo Loan
2 Documents shall remain in full force and effect, save and expect that without any further action
3 by Reorganized Debtor or Wells Fargo, all of the Wells Fargo Loan Documents shall be deemed
4 to have been amended as set forth in Section 4.1 of this Plan. Additionally, on the Effective
5 Date, the BB&T Loan Documents shall remain in full force and effect, save and except that
6 without any further action by Reorganized Debtor or BB&T, all of the BB&T Loan Documents
7 shall be deemed to have been amended as set forth in Section 4.2 of the Plan. All amendments
8 necessary to implement and effectuate the provisions of this Plan shall be deemed to have been
9 made. All potential discrepancies or inconsistencies between the BB&T Loan Documents and
10 the Plan or the Wells Fargo Loan Documents and the Plan shall be construed and resolved in
11 favor of the effectuation and implementation of the provisions and intentions of the Plan.

12 **3. Articles of organization, by-laws, operating agreement.**

13 The articles of organization, by-laws, and/or operating agreement, as applicable, of
14 Debtor shall be amended as necessary to satisfy the provisions of the Plan and the Bankruptcy
15 Code and shall include, among other things, pursuant to Section 1123(a)(6), a provision
16 prohibiting the issuance of non-voting equity securities, but only to the extent required by
17 Section 1123(a)(6).

18 **4. Effectuation of transactions.**

19 On and after the Effective Date, the appropriate managers or members of Debtor are
20 authorized to issue, execute, deliver, and consummate the transactions contemplated by or
21 described in the Plan in the name of and on behalf of Debtor or Reorganized Debtor, as the case
22 may be, without further notice to or order of the Bankruptcy Court, act or action under applicable
23 law, regulation, order, rule, or any requirements of further action, vote, or other approval or
24 authorization by any Person.

25 **5. Notice of effectiveness.**

26 When all of the steps for effectiveness have been completed, Reorganized Debtor shall
27 file with the Bankruptcy Court and serve upon all Creditors and all potential Holders of
28 Administrative Claims known to Reorganized Debtor (whether or not disputed), a notice of

1 Effective Date of Plan. The notice of Effective Date of Plan shall include notice of the
2 Administrative Claim Bar Date.

3 **6. No governance action required.**

4 As of the Effective Date: (i) the adoption, execution, delivery, and implementation or
5 assignment of all contracts, leases, instruments, releases, and other agreements related to or
6 contemplated by the Plan; and (ii) the other matters provided for under or in furtherance of the
7 Plan involving corporate action to be taken by or required of Debtor shall be deemed to have
8 occurred and be effective as provided herein, and shall be authorized and approved in all respects
9 without further order of the Bankruptcy Court or any requirement of further action by the
10 members or managers of Debtor.

11 **7. Filing with the Nevada Secretary of State.**

12 To the extent applicable, in accordance with NRS 78.622, on or as soon as practical after
13 the Effective Date, a certified copy of the Plan and the Confirmation Order shall be filed with the
14 Nevada Secretary. Again, to the extent applicable, Debtor, from the Confirmation Date until the
15 Effective Date, is authorized and directed to take any action or carry out any proceeding
16 necessary to effectuate the Plan pursuant to NRS 78.622.

17 **8. Proposed post-Effective Date management of Reorganized Debtor.**

18 From and after the Effective Date, Reorganized Debtor will continue to be managed by
19 Debtor's pre-petition manager, Beltway One Management Group LLC¹⁵ which management may
20 subsequently be modified to the extent provided by Reorganized Debtor's articles of
21 organization, by-laws, and operating agreement (as amended, supplemented, or modified). On
22 and after the Effective Date, the appropriate managers or members of Reorganized Debtor are
23 authorized to issue, execute, deliver, and consummate the transactions contemplated by or
24 described in the Plan in the name of and on behalf of Reorganized Debtor without further notice
25 to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, rule, or
26 any requirements of further action, vote, or other approval or authorization by any Person.

27 _____
28 ¹⁵ Beltway One Management Group LLC is managed by Nigro Development LLC, which is managed by Todd Nigro and Michael Nigro.

1 The continuation of management post-confirmation is consistent with the interests of
2 Creditors, Holders of Equity Securities, and public policy pursuant to Section 1129(a)(5) because
3 these individuals are intimately knowledgeable about Debtor's Real Property, its operations, and
4 the Las Vegas real estate market and thus are uniquely qualified to effectuate Debtor's Plan and
5 thereby maximize the value for all Creditors of the Estate.

6 **B. Executory Contracts And Unexpired Leases.**

7 **1. Executory contracts.**

8 Except for Executory Contracts and Unexpired Leases specifically addressed in the Plan
9 or set forth on the schedule of rejected Executed Contracts and Unexpired Leases attached as
10 Schedule 6.1 to the Plan (which may be supplemented and amended up to the date that the
11 Bankruptcy Court enters the Confirmation Order), all Executory Contracts and Unexpired Leases
12 that exist on the Confirmation Date shall be deemed assumed by Debtor on the Effective Date.
13 Debtor, up to the Effective Date, may modify the schedule of rejected executory contracts, with
14 notice to the non-debtor party to the contract affected by such modification. All executory
15 contracts and unexpired leases not identified on Schedule 6.1 shall be deemed assumed on the
16 Effective Date.

17 **2. Approval of assumption or rejection.**

18 Entry of the Confirmation Order shall constitute as of the Effective Date: (i) approval,
19 pursuant to Section 365(a), of the assumption by Reorganized Debtor of each Executory Contract
20 and Unexpired Lease to which Debtor is a party that is not listed on Schedule 6.1, not otherwise
21 provided for in the Plan, and neither assigned, assumed and assigned, nor rejected by separate
22 order of the Bankruptcy Court prior to the Effective Date; and (ii) rejection by Debtor of each
23 Executory Contract and Unexpired Lease to which Debtor is a party that is listed on Schedule
24 6.1. Upon the Effective Date, each counter party to an assumed Executory Contract or
25 Unexpired Lease listed shall be deemed to have consented to an assumption contemplated by
26 Section 365(c)(1)(B), to the extent such consent is necessary for such assumption. To the extent
27 applicable, all Executory Contracts or Unexpired Leases of Reorganized Debtor assumed
28 pursuant to Article 6 shall be deemed modified such that the transactions contemplated by the

1 Plan shall not be a “change of control,” regardless of how such term may be defined in the
2 relevant Executory Contract or Unexpired Lease and any required consent under any such
3 Executory Contract or Unexpired Lease shall be deemed satisfied by confirmation of the Plan.

4 **3. Cure of defaults.**

5 Reorganized Debtor shall Cure any defaults respecting each Executory Contract or
6 Unexpired Lease assumed pursuant to Section 6.1 of the Plan upon the latest of: (i) the Effective
7 Date or as soon thereafter as practicable; (ii) such dates as may be fixed by the Bankruptcy Court
8 or agreed upon by Debtor, and after the Effective Date, Reorganized Debtor; or (iii) the
9 fourteenth (14th) Business Day after the entry of a Final Order resolving any dispute regarding:
10 (a) a Cure amount; (b) the ability of Reorganized Debtor to provide “adequate assurance of
11 future performance” under the Executory Contract or Unexpired Lease assumed pursuant to the
12 Plan in accordance with Section 365(b)(1); or (c) any matter pertaining to assumption,
13 assignment, or the Cure of a particular Executory Contract or an Unexpired Lease.

14 **4. Objection to cure amounts.**

15 Any party to an Executory Contract or Unexpired Lease who objects to the Cure amount
16 determined by Debtor to be due and owing must file and serve an objection on Debtor’s counsel
17 no later than thirty (30) days after the Effective Date. Failure to file and serve a timely objection
18 shall be deemed consent to the Cure amounts paid by Debtor in accordance with Section 6.3 of
19 the Plan. If there is a dispute regarding: (i) the amount of any Cure payment; (ii) the ability of
20 Reorganized Debtor to provide “adequate assurance of future performance” under the Executory
21 Contract or Unexpired Lease to be assumed or assigned; or (iii) any other matter pertaining to
22 assumption, the Cure payments required by Section 365(b)(1) will be made following the entry
23 of a Final Order resolving the dispute and approving the assumption.

24 **5. Confirmation order.**

25 The Confirmation Order will constitute an order of the Bankruptcy Court approving the
26 assumptions described in this Article 6 pursuant to Section 365 as of the Effective Date.
27 Notwithstanding the forgoing, if, as of the date the Bankruptcy Court enters the Confirmation
28 Order, there is pending before the Bankruptcy Court a dispute concerning the cure amount or

1 adequate assurance for any particular Executory Contract or Unexpired Lease, the assumption of
2 such Executory Contract or Unexpired Lease shall be effective as of the date the Bankruptcy
3 Court enters an order resolving any such dispute and authorizing assumption by Debtor.

4 **6. Post-Petition date contacts and leases.**

5 Executory Contracts and Unexpired Leases entered into and other obligations incurred
6 after the Petition Date by Debtor shall be assumed by Debtor on the Effective Date. Each such
7 Executory Contract and Unexpired Lease shall be performed by Debtor or Reorganized Debtor,
8 as applicable, in the ordinary course of its business.

9 **7. Bar date.**

10 All proofs of Claims with respect to Claims arising from the rejection of any executory
11 contract or unexpired lease shall be filed no later than thirty (30) days after the Effective Date.
12 Any Claim not filed within such time shall be forever barred.

13 **C. Manner Of Distribution Of Property Under The Plan.**

14 Reorganized Debtor shall be responsible for establishing and maintaining the Disputed
15 Claim Reserve and making the Distributions described in the Plan. Reorganized Debtor may
16 make such Distributions before the allowance of each Claim and Equity Securities has been
17 resolved if Reorganized Debtor has a good faith belief that the Disputed Claims Reserve or
18 Disputed Equity Security Reserve is sufficient for all Disputed Claims and Disputed Equity
19 Securities. Except as otherwise provided in the Plan or the Confirmation Order, the Cash
20 necessary for Reorganized Debtor to make payments pursuant to the Plan may be obtained from
21 existing Cash balances and Debtor's operations.

22 Reorganized Debtor shall maintain a record of the names and addresses of all Holders of
23 Allowed General Unsecured Claims as of the Effective Date and all Holders as of the Record
24 Date of Equity Securities of Debtor for purposes of mailing Distributions to them. Reorganized
25 Debtor may rely on the name and address set forth in Debtor's Schedules and/or proofs of Claim
26 and the ledger and records regarding Holders of Equity Securities as of the Record Date as being
27 true and correct unless and until notified in writing.

28 . . .

1 **D. Conditions To Confirmation Of The Plan.**

2 **1. Conditions to confirmation.**

3 The Confirmation Order shall have been entered and be in form and substance reasonably
4 acceptable to Debtor.

5 **2. Conditions to effectiveness.**

6 The following are conditions precedent to occurrence of the Effective Date:

7 (1) The Confirmation Order shall be a Final Order, except that Debtor reserves the
8 right to cause the Effective Date to occur notwithstanding the pendency of an appeal of the
9 Confirmation Order;

10 (2) No request for revocation of the Confirmation Order under Section 1144 of the
11 Bankruptcy Code shall have been made, or, if made, shall remain pending, including any appeal;
12 and

13 (3) All documents necessary to implement the transactions contemplated by the Plan
14 shall be in form and substance reasonably acceptable to Debtor.

15 **3. Waiver of conditions.**

16 Debtor, in its sole discretion, may waive any and all of the other conditions set forth in
17 the Plan and specifically Sections 8.1 and 8.2 of the Plan without leave of or order of the
18 Bankruptcy Court and without any formal action.

19 **VIII.**
20 **RISK FACTORS**

21 In addition to risks discussed elsewhere in this Disclosure Statement, the Plan involves
22 the following risks, which should be taken into consideration.

23 **A. Debtor Has No Duty To Update.**

24 The statements in this Disclosure Statement are made by Debtor as of the date hereof,
25 unless otherwise specified herein. The delivery of this Disclosure Statement after that date does
26 not imply that there has been no change in the information set forth herein since that date.
27 Debtor has no duty to update this Disclosure Statement unless ordered to do so by the
28 Bankruptcy Court.

1 **B. Information Presented Is Based On Debtor's Books And Records, And Is**
2 **Unaudited.**

3 While Debtor has endeavored to present information fairly and accurately in this
4 Disclosure Statement, there is no assurance that Debtor's books and records upon which this
5 Disclosure Statement is based are complete and accurate. The financial information contained
6 herein has not been audited.

7 **C. Projections And Other Forward-Looking Statements Are Not Assured, And Actual**
8 **Results Will Vary.**

9 Certain information in this Disclosure Statement is, by nature, forward looking, and
10 contains estimates and assumptions which might ultimately prove to be incorrect, and projections
11 which may differ materially from actual future results. There are uncertainties associated with
12 all assumptions, projections, and estimates, and they should not be considered assurances or
13 guarantees of the amount of Claims in the various Classes that will be allowed. The allowed
14 amount of Claims in each Class, as well as Administrative Claims, could be significantly more
15 than projected, which in turn, could cause the value of Distributions to be reduced or to be
16 tendered over a longer period of time than anticipated.

17 **D. No Assurance Of Refinancing Or Sale.**

18 The Plan contemplates a balloon payment on the Maturity Date. There is no assurance
19 that Debtor will be able to refinance the Amended and Restated Notes or to sell Building 8
20 and/or Building 11 prior to the Maturity Date.

21 **E. No Legal Or Tax Advice Is Provided To You By This Disclosure Statement.**

22 The contents of this Disclosure Statement should not be construed as legal, business, or
23 tax advice. Each Creditor or Holder of an Equity Interest should consult his, her, or its own legal
24 counsel and accountant as to legal, tax, and other matters concerning his, her, or its Claim or
25 Equity Interest.

26 **F. No Admissions Made.**

27 Nothing contained herein shall constitute an admission of any fact or liability by any
28 party (including Debtor) or shall be deemed evidence of the tax or other legal effects of the Plan
on Debtor or on Holders of Claims or Equity Interests.

1 **G. No Waiver Of Right To Object Or Right To Recover Transfers And Estate Assets.**

2 A Creditor's vote for or against the Plan does not constitute a waiver or release of any
3 claims or rights of Debtor (or any other party in interest) to object to that Creditor's Claim, or
4 recover any preferential, fraudulent, or other voidable transfer or Estate assets, regardless of
5 whether any claims of Debtor or its Estate is specifically or generally identified herein.

6 **H. Bankruptcy Law Risks And Considerations.**

7 **1. Confirmation of the Plan is not assured.**

8 Confirmation requires, among other things, a finding by the Bankruptcy Court that it is
9 not likely there will be a need for further financial reorganization and that the value of
10 distributions to dissenting members of Impaired Classes of Creditors and Holders of Equity
11 Interests would not be less than the value of distributions such Creditors and Holders of Equity
12 Interests would receive if Debtor were liquidated under Chapter 7 of the Bankruptcy Code.
13 Although Debtor believes that the Plan will not be followed by a need for further financial
14 reorganization and that dissenting members of Impaired Classes of Creditors and Holders of
15 Equity Interests will receive distributions at least as great as they would receive in a liquidation
16 under Chapter 7, there can be no assurance that the Bankruptcy Court will conclude that this test
17 has been met.

18 Although Debtor believes the Plan satisfies all additional requirements for Confirmation,
19 the Bankruptcy Court might not reach that conclusion. It is also possible that modifications to
20 the Plan will be required for Confirmation and that such modifications would necessitate a
21 resolicitation of votes.

22 **2. The Effective Date might be delayed or never occur.**

23 There is no assurance as to the timing of the Effective Date or that it will occur. If the
24 conditions precedent to the Effective Date have not occurred or been waived within the
25 prescribed time frame, the Confirmation Order will be vacated. In that event, the Holders of
26 Claims and Equity Interests would be restored to their respective positions as of the day
27 immediately preceding the Confirmation Date, and Debtor's obligations for Claims and Equity
28 Interests would remain unchanged as of such day.

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3. Allowed Claims in the various Classes may exceed projections.

Debtor has projected the amount of Allowed Claims in each Class in the Best Interests Analysis. Certain Classes, and the Classes below them in priority, could be affected by the allowance of Claims in an amount that is greater than projected.

4. No representations outside of this Disclosure Statement are authorized.

No representations concerning or related to Debtor, the Chapter 11 Case, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan 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.

I. Risks Related To Debtor’s Business Operations.

The following discussion of risks that relate to Debtor’s business should be read as also being applicable to the business of Reorganized Debtor on and after the Effective Date.

1. Effect of the Chapter 11 Case.

If the Chapter 11 Case continues for a prolonged period of time, the proceedings could adversely affect Debtor’s business and operations. The longer the Chapter 11 Case continues, the more likely it is that Debtor’s tenants, suppliers, and agents could lose confidence in Debtor’s ability to successfully reorganize its business and will seek to establish alternative commercial relationships. Consequently, Debtor might lose valuable tenants and/or contracts in the course of the Chapter 11 Case.

So long as the Chapter 11 Case continues, Debtor’s management will be required to spend a significant amount of time and effort dealing with Debtor’s reorganization instead of focusing exclusively on business operations. Furthermore, so long as the Chapter 11 Case continues, Debtor will be required to incur substantial costs for professional fees and other expenses associated with the proceedings.

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2. **The volatility and disruption of the capital and credit markets and adverse changes in the global economy have negatively impacted Debtor.**

Beginning in 2007 to 2008, the United States economy, as well as virtually the entire world economy, went into a severe recession. Nevada was no exception, with foreclosure and unemployment rates among the highest in the country. The result has been reduced real estate values and a surplus of commercial space, resulting in reduced commercial leasing rates throughout Las Vegas. While there have been governmental responses to these economic hardships and Las Vegas is beginning to recover from the recession, the extent and pace of its recovery is uncertain.

3. **Changes to applicable tax laws could have a material adverse effect on Debtor's financial condition.**

From time to time, federal, state, and local legislators and other government officials have proposed and adopted changes in tax laws, or in the administration of those laws affecting the hotel industry. It is not possible to determine the likelihood of changes in tax laws or in the administration of those laws. If adopted, changes to applicable tax laws could have a material adverse effects on Debtor's business, financial condition, and results of operations. Any increase in taxes may impact Debtor's future profitability.

**IX.
POST EFFECTIVE DATE OPERATIONS AND PROJECTIONS**

A. Summary Of Title To Property And Dischargeability.

1. **Vesting of assets.**

Subject to the provisions of the Plan, pursuant to Section 5.1 of the Plan and as permitted by Section 1123(a)(5)(B), the Assets shall be transferred to Reorganized Debtor on the Effective Date. As of the Effective Date, all such property shall be free and clear of all Liens, Claims, and Equity Securities except as otherwise provided herein. On and after the Effective Date, Reorganized Debtor may operate its business and may use, acquire, and dispose of property and compromise or settle any Claim without the supervision of or approval of the Bankruptcy Court and free and clear of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than restrictions expressly imposed by the Plan or the Confirmation Order.

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2. Preservation of Avoidance Actions and Litigation Claims.

In accordance with Section 1123(b)(3), and except as otherwise expressly provided in the Plan, all Litigation Claims shall be assigned and transferred to Reorganized Debtor pursuant to Section 5.1 of the Plan. Notwithstanding the foregoing, on and after the Effective Date, the prosecution of the Litigation Claims lies in the sole and absolute discretion of Reorganized Debtor.

There may also be other Litigation Claims which currently exist or may subsequently arise that are not set forth in this Disclosure Statement because the facts underlying such Litigation Claims are not currently known or sufficiently known by Debtor. The failure to list any such unknown Litigation Claim in the Disclosure Statement is not intended to limit the rights of Debtor or Reorganized Debtor to pursue any unknown Litigation Claim to the extent the facts underlying such unknown Litigation Claim become more fully known in the future. Furthermore, any potential net proceeds from Litigation Claims identified in the Disclosure Statement or any notice filed with the Bankruptcy Court, or which may subsequently arise or otherwise be pursued, are speculative and uncertain.

Unless Litigation Claims against any individual or entity are expressly waived, relinquished, released, compromised, or settled by the Plan or any Final Order, Debtor expressly reserves for its benefit, and the benefit of Reorganized Debtor, all Litigation Claims, including, without limitation, all unknown Litigation Claims for later adjudication and therefore no preclusion doctrine (including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches) shall apply to such Litigation Claims after the confirmation or consummation of the Plan. In addition, Debtor expressly reserves for its benefit, and the benefit of Reorganized Debtor, the right to pursue or adopt any claims alleged in any lawsuit in which Debtor is a defendant or an interested party, against any individual or entity, including plaintiffs and co-defendants in such lawsuits.

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1 3. **Discharge.**

2 On the Effective Date, unless otherwise expressly provided in the Plan or the
3 Confirmation Order, Debtor shall be discharged from any and all Claims to the fullest
4 extent provided in the Bankruptcy Code, including Sections 524 and 1141. All
5 consideration distributed under the Plan or the Confirmation Order shall be in exchange
6 for, and in complete satisfaction, settlement, discharge, and release of all Claims of any
7 kind or nature whatsoever against Debtor or any of its Assets or properties, and regardless
8 of whether any property shall have been distributed or retained pursuant to the Plan on
9 account of such Claims. Except as otherwise expressly provided by the Plan or the
10 Confirmation Order, upon the Effective Date, Debtor shall be deemed discharged and
11 released under and to the fullest extent provided under Section 1141(d)(1)(A) from any and
12 all Claims of any kind or nature whatsoever, including, but not limited to, demands and
13 liabilities that arose before the Confirmation Date, and all debts of the kind specified in
14 section 502(g), 502(h), or 502(i).

15 4. **Injunction.**

16 From and after the Effective Date, and except as provided in the Plan and the
17 Confirmation Order, all entities that have held, currently hold, or may hold a Claim or an
18 Equity Security or other right of an Equity Security Holder that is terminated pursuant to
19 the terms of the Plan are permanently enjoined from taking any of the following actions on
20 account of any such Claims or terminated Equity Securities or rights: (i) commencing or
21 continuing in any manner any action or other proceeding against Reorganized Debtor or
22 its property; (ii) enforcing, attaching, collecting, or recovering in any manner any
23 judgment, award, decree, or order against Reorganized Debtor or its property; (iii)
24 creating, perfecting, or enforcing any Lien or encumbrance against Reorganized Debtor or
25 its property; (iv) asserting a setoff, right of subrogation, or recoupment of any kind against
26 any debt, liability, or obligation due to Reorganized Debtor or its property; and (v)
27 commencing or continuing any action, in any manner or any place, that does not comply
28 with or is inconsistent with the provisions of the Plan or the Bankruptcy Code.

1 **B. Exculpation.**

2 From and after the Effective Date, neither Debtor, Reorganized Debtor, the
3 professionals employed on behalf of the Estate, nor any of their respective present or
4 former members, directors, officers, managers, employees, advisors, attorneys, or agents,
5 shall have or incur any liability, including derivative claims, but excluding direct claims, to
6 any Holder of a Claim or Equity Security or any other party-in-interest, or any of their
7 respective agents, employees, representatives, financial advisors, attorneys, or Affiliates, or
8 any of their successors or assigns, for any act or omission in connection with, relating to, or
9 arising out of (from the Petition Date forward), the Chapter 11 Case, Reorganized Debtor,
10 the pursuit of confirmation of the Plan, or the consummation of the Plan, except for gross
11 negligence and willful misconduct, and in all respects shall be entitled to reasonably rely
12 upon the advice of counsel with respect to their duties and responsibilities under the Plan
13 or in the context of the Chapter 11 Case.

14 **C. Post-Confirmation Reporting And Quarterly Fees To The UST.**

15 Prior to the Effective Date, Debtor, and after the Effective Date, Reorganized Debtor,
16 shall pay all quarterly fees payable to the UST consistent with the sliding scale set forth in 28
17 U.S.C. § 1930(a)(6) and the applicable provisions of the Bankruptcy Code and Bankruptcy
18 Rules. These fees accrue throughout the pendency of the Chapter 11 Case, until entry of a final
19 decree. UST fees paid prior to confirmation of the Plan will be reported in operating reports
20 required by Sections 704(8), 1106(a)(1), and 1107(a), as well as the UST Guidelines. All UST
21 quarterly fees accrued prior to confirmation of the Plan will be paid on or before the Effective
22 Date pursuant to Section 1129(a)(12). All UST fees accrued post-confirmation will be timely
23 paid on a calendar quarterly basis and reported on post-confirmation operating reports. Final
24 fees will be paid on or before the entry of a final decree in the Chapter 11 Case.

25 **X.**
26 **CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

27 THE FOLLOWING SUMMARY DOES NOT CONSTITUTE EITHER A TAX
28 OPINION OR TAX ADVICE TO ANY PERSON. NO REPRESENTATIONS REGARDING

1 THE EFFECT OF IMPLEMENTATION OF THE PLAN ON INDIVIDUAL CREDITORS
2 ARE MADE HEREIN OR OTHERWISE. RATHER, THE TAX DISCLOSURE IS
3 PROVIDED FOR INFORMATIONAL PURPOSES ONLY. ALL CREDITORS ARE URGED
4 TO CONSULT THEIR RESPECTIVE TAX ADVISORS REGARDING THE TAX
5 CONSEQUENCES OF THE PLAN.

6 Creditors, Equity Security Holders, and any Person affiliated with the foregoing are
7 strongly urged to consult their respective tax advisors regarding the federal, state, local, and
8 foreign tax consequences which may result from the confirmation and consummation of the Plan.
9 This Disclosure Statement shall not in any way be construed as making any representations
10 regarding the particular tax consequences of the confirmation and consummation of the Plan to
11 any Person. This Disclosure Statement is general in nature and is merely a summary discussion
12 of potential tax consequences and is based upon the Internal Revenue Code of 1986, as amended
13 (the "IRC"), and pertinent regulations, rulings, court decisions, and treasury decisions, all of
14 which are potentially subject to material and/or retroactive changes. Under the IRC, there may
15 be federal income tax consequences to Debtor, its Creditors, its Equity Security Holders, and/or
16 any Person affiliated therewith as a result of confirmation and consummation of the Plan.

17 Upon the confirmation and consummation of the Plan, the federal income tax
18 consequences to Creditors and their affiliates arising from the Plan will vary depending upon,
19 among other things, the type of consideration received by the Creditor in exchange for its Claim,
20 whether the Creditor reports income using the cash or accrual method of accounting, whether the
21 Creditor has taken a "bad debt" deduction with respect to its Claim, whether the Creditor
22 received consideration in more than one tax year, and whether the Creditor is a resident of the
23 United States. If a Creditor's Claim is characterized as a loss resulting from a debt, then the
24 extent of the deduction will depend on whether the debt is deemed wholly worthless or partially
25 worthless, and whether the debt is construed to be a business or nonbusiness debt as determined
26 under the 26 U.S.C. § 166, and/or other applicable provisions of the Internal Revenue Code.

27 CREDITORS SHOULD CONSULT THEIR TAX ADVISOR REGARDING THE TAX
28 TREATMENT (INCLUDING FEDERAL, STATE, LOCAL, AND FOREIGN TAX

1 CONSEQUENCES) OF THEIR RESPECTIVE ALLOWED CLAIMS. THIS DISCLOSURE IS
2 NOT A SUBSTITUTE FOR TAX PLANNING AND SPECIFIC ADVICE FOR PERSONS
3 AFFECTED BY THE PLAN.

4 **XI.**
5 **CONFIRMATION OF THE PLAN**

6 **A. Confirmation Of The Plan.**

7 Pursuant to Section 1128(a), the Bankruptcy Court will hold hearings regarding
8 confirmation of the Plan at the U.S. Bankruptcy Court, 300 Las Vegas Blvd. South, Las Vegas,
9 Nevada 89101, on January 9, 2012, at 9:30 a.m.; January 10, 2012, at 1:30 p.m.; and January 12,
10 2012, at 1:30 p.m. To the extent necessary, the Bankruptcy Court will schedule additional
11 hearing dates.

12 **B. Objections To Confirmation Of The Plan.**

13 Section 1128(b) provides that any party-in-interest may object to confirmation of a plan.
14 Any objections to confirmation of the Plan must be in writing, must state with specificity the
15 grounds for any such objections, and must be timely filed with the Bankruptcy Court and served
16 upon counsel for Debtor at the following address:

17 GORDON SILVER
18 Attn: Talitha Gray Kozlowski, Esq.
19 3960 Howard Hughes Parkway, 9th Floor
20 Las Vegas, Nevada 89169
(702) 796-5555 Telephone
(702) 369-2666 Facsimile
Email: tkozlowski@gordonsilver.com

21 For the Plan to be confirmed, the Plan must satisfy the requirements stated in Section
22 1129. In this regard, the Plan must satisfy, among other things, the following requirements.

23 **1. Best Interest of Creditors and liquidation analysis.**

24 Pursuant to Section 1129(a)(7), for the Plan to be confirmed, it must provide that
25 Creditors and Holders of Equity Securities will receive at least as much under the Plan as they
26 would receive in a liquidation of Debtor under Chapter 7 of the Bankruptcy Code (the "Best
27 Interest Test"). The Best Interest Test with respect to each impaired Class requires that each
28 Holder of an Allowed Claim or Equity Security of such Class either: (i) accepts the Plan; or (ii)

1 receives or retains under the Plan property of a value, as of the Effective Date, that is not less
2 than the value such Holder would receive or retain if Debtor was liquidated under Chapter 7 of
3 the Bankruptcy Code. The Bankruptcy Court will determine whether the value received under
4 the Plan by the Holders of Allowed Claims in each Class of Creditors or Equity Securities equals
5 or exceeds the value that would be allocated to such Holders in a liquidation under Chapter 7 of
6 the Bankruptcy Code. Debtor believes that the Plan meets the Best Interest Test and provides
7 value which is not less than that which would be recovered by each such holder in a Chapter 7
8 bankruptcy proceeding.

9 Generally, to determine what Holders of Allowed Claims and Equity Securities in each
10 impaired Class would receive if Debtor were liquidated, the Bankruptcy Court must determine
11 what funds would be generated from the liquidation of Debtor's Assets and properties in the
12 context of a Chapter 7 liquidation case, which for unsecured creditors would consist of the
13 proceeds resulting from the disposition of the Assets of Debtor, including the unencumbered
14 Cash held by Debtor at the time of the commencement of the liquidation case. Such Cash
15 amounts would be reduced by the costs and expenses of the liquidation and by such additional
16 Administrative Claims and Priority Claims as may result from the termination of Debtor's
17 businesses and the use of Chapter 7 for the purpose of liquidation.

18 In a Chapter 7 liquidation, Holders of Allowed Claims would receive distributions based
19 on the liquidation of the non-exempt assets of Debtor. Such assets would include the same assets
20 being collected and liquidated under the Plan. However, the net proceeds from the collection of
21 property of the Estate available for distribution to Creditors would be reduced by any
22 commission payable to the Chapter 7 trustee and the trustee's attorney's and accounting fees, as
23 well as the administrative costs of the Chapter 11 estate (such as the compensation for Chapter
24 11 professionals). The Estate has already absorbed much of the cost of realizing upon Debtor's
25 Assets. In a Chapter 7 case, the Chapter 7 trustee would be entitled to seek a sliding scale
26 commission based upon the funds distributed by such trustee to creditors, even though Debtor
27 has already incurred some of the expenses associated with generating those funds. Accordingly,
28 there is a reasonable likelihood that Creditors would "pay again" for the funds accumulated by

1 Debtor because the Chapter 7 trustee would be entitled to receive a commission in some amount
2 for all funds distributed from the Estate.

3 It is further anticipated that a Chapter 7 liquidation would result in significant delay in the
4 payment, if any, to Creditors. Among other things, a Chapter 7 case could trigger a new bar date
5 for filing Claims that would be more than ninety (90) days following conversion of the Chapter
6 11 Case to Chapter 7. Hence, a Chapter 7 liquidation would not only delay distribution but
7 raises the prospect of additional claims that were not asserted in the Chapter 11 Case. Moreover,
8 Claims that may arise in the Chapter 7 case or result from the Chapter 11 Case would be paid in
9 full from the Assets before the balance of the Assets would be made available to pay pre-Chapter
10 11 Allowed Priority Claims, Allowed General Unsecured Claims, and Equity Securities.

11 The distributions from the Assets would be paid Pro Rata according to the amount of the
12 aggregate Claims held by each Creditor. Debtor believes that the most likely outcome under
13 Chapter 7 would be the application of the "absolute priority rule." Under that rule, no junior
14 Creditor may receive any distribution until all senior Creditors are paid in full, with interest, and
15 no Equity Security holder may receive any distribution until all Creditors are paid in full.

16 As set forth in the Liquidation Analysis¹⁶ and accompanying notes annexed hereto as
17 **Exhibit "5,"** Debtor has determined that confirmation of the Plan will provide each Holder of a
18 Claim in an Impaired Class¹⁷ with no less of a recovery than he/she/it would receive if Debtor
19 were liquidated under a Chapter 7.

20 Despite the fact that Wells Fargo and BB&T are oversecured, in a Chapter 7 Case,
21 Debtor would cease operating, thereby eliminating the going concern value of its business and
22 possibly resulting in the vacature of certain of its tenants. As explained below, such reduced
23 value could preclude any meaningful distribution to Holders of Administrative Claims, Class 4
24 Priority Unsecured Claims, Class 5 General Unsecured Claims, and Class 6 Equity Securities.

25
26 ¹⁶ The Liquidation Analysis sets forth Debtor's best estimates as to value and recoveries in the event that the Chapter
27 11 Case is converted to a case under Chapter 7 of the Bankruptcy Code and Debtor's Assets are liquidated.

28 ¹⁷ The Impaired Classes are Class 1 (Wells Fargo Claim); Class 2 (BB&T Claim); and Class 5 (General Unsecured
Claims).

1 In a Chapter 7 case, the Chapter 7 trustee must liquidate the Debtor's assets and distribute
2 the proceeds thereof to holders of allowed claims. However, the change in management would
3 hinder the Chapter 7 trustee's ability to maximize the sales price for Building 8 and Building 11.
4 If a sale could not be quickly effectuated at a price greater than Wells Fargo and BB&T's
5 Claims, Wells Fargo and BB&T would presumably seek relief from the automatic stay to
6 foreclose on their respective collateral or the Chapter 7 trustee would abandon the collateral.

7 In the event that the Chapter 7 trustee was able to sell Building 8 and Building 11 for a
8 sum in-excess-of the Class 1 and Class 2 Claims, such Claims would be paid in full, which
9 treatment is not more than BB&T and Wells Fargo will receive under the Plan as the Plan
10 provides for the full payment of their Claims. Therefore, the Plan meets the Best Interest Test.

11 Without a prompt sale by the Chapter 7 trustee, relief from the automatic stay would
12 likely be granted or the collateral abandoned by the Chapter 7 trustee, which would likely be
13 followed by a foreclosure sale. Despite the fact that Wells Fargo and BB&T are currently
14 oversecured, in the event that BB&T and/or Wells Fargo foreclose on their respective collateral
15 after conversion to Chapter 7, BB&T and Wells Fargo will receive at their respective foreclosure
16 sales, their collateral with values equal to or greater than their respective Claims, subject to the
17 foreclosure costs, and would subsequently incur additional sales costs of approximately 10%.
18 After costs of sale, BB&T and Wells Fargo would likely receive full repayment of their
19 respective Claims, which is equivalent to what BB&T and Wells Fargo will receive through the
20 effectuation of Debtor's Plan.

21 Thus, as evidenced by the Liquidation Analysis and the accompanying notes annexed
22 hereto as **Exhibit "5,"** the value provided under the Plan to the Holders of Claims in the
23 Impaired Classes is equal to or better than they would receive under a Chapter 7 liquidation.
24 *Specifically, as has been explained herein, if the Plan is confirmed, all Claims in Classes 3*
25 *and 4 will be paid in full and the Claims in Classes 1, 2, and 5 will be paid in full with interest*
26 *at the rates set forth in the Plan. Additionally, Holders of Equity Securities as of the Record*
27 *Date will retain all of their rights thereunder. Thus, Debtor strongly encourages all Impaired*
28 *Classes to vote in favor of confirmation of the Plan.*

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2. Feasibility.

The Bankruptcy Code requires that in order to confirm the Plan, the Bankruptcy Court must find that Confirmation of the Plan is not likely to be followed by liquidation or the need for further financial reorganization of Debtor (the "Feasibility Test"). For the Plan to meet the Feasibility Test, the Bankruptcy Court must find by a preponderance of the evidence that Debtor will possess the resources and working capital necessary to meet its obligations under the Plan.

As demonstrated by the previous discussion of Debtor's financial condition, Debtor's operations generate sufficient cash flow to meet its payment obligations under the Plan. Further, as demonstrated by the Building 8 Appraisal and the Building 11 Appraisal, the value of Debtor's Assets significantly exceeds the Wells Fargo and BB&T Claims, thereby enabling Debtor to sell Building 8 and Building 11 or to obtain refinancing prior to the Maturity Date to repay in full the their Class 1 and Class 2 Claims consistent with the provisions of the Plan. Furthermore, as demonstrated by the Projections attached hereto as **Exhibit "4,"** Debtor will be able to satisfy its obligations under the Plan through the Maturity Date. Provided the foregoing, Debtor is confident that it can establish, and the Bankruptcy Court will find, that the Plan is feasible within the meaning of Section 1129(a)(11).

3. Accepting impaired class.

Since various Classes of Claims are impaired under the Plan, for the Plan to be confirmed, the Plan must be accepted by at least one impaired Class of Claims (not including the votes of insiders of Debtor).

4. Acceptance of Plan.

For an impaired Class of Claims to accept the Plan, those representing at least two-thirds (2/3) in amount and a majority in number of the Allowed Claims voted in that Class must be cast for acceptance of the Plan.

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1 **5. Confirmation over a dissenting class (“Cram Down”).**

2 If there is less than unanimous acceptance of the Plan by Impaired Classes of Claims, the
3 Bankruptcy Court nevertheless may confirm the Plan at Debtor’s request. Section 1129(b)
4 provides that if all other requirements of Section 1129(a) are satisfied and if the Bankruptcy
5 Court finds that: (i) the Plan does not discriminate unfairly; and (ii) the Plan is fair and equitable
6 with respect to the rejecting Class(es) of Claims or Equity Securities impaired under the Plan, the
7 Bankruptcy Court may confirm the Plan despite the rejection of the Plan by dissenting impaired
8 Class of Claims or Equity Securities.

9 Debtor will request confirmation of the Plan pursuant to Section 1129(b) with respect to
10 any Impaired Class of Claims that does not vote to accept the Plan. Debtor believes that the Plan
11 satisfies all of the statutory requirements for Confirmation, that Debtor has complied with or will
12 have complied with all the statutory requirements for Confirmation of the Plan, and that the Plan
13 is proposed in good faith. At the Confirmation Hearing, the Bankruptcy Court will determine
14 whether the Plan satisfies the statutory requirements for Confirmation.

15 **6. Allowed Claims.**

16 You have an Allowed Claim if: (i) you or your representative timely file a proof of
17 Claim and no objection has been filed to your Claim within the time period set for the filing of
18 such objections; (ii) you or your representative timely filed a proof of Claim and an objection
19 was filed to your Claim upon which the Bankruptcy Court has ruled and Allowed your Claim;
20 (iii) your Claim is listed by Debtor in its Schedules or any amendments thereto (which are on file
21 with the Bankruptcy Court as a public record) as liquidated in amount and undisputed and no
22 objection has been filed to your Claim; or (iv) your Claim is listed by Debtor in its Schedules as
23 liquidated in amount and undisputed and an objection was filed to your Claim upon which the
24 Bankruptcy Court has ruled to Allow your Claim.

25 Under the Plan, the deadline for filing objections to Claims is ninety (90) calendar days
26 following the Effective Date. If your Claim is not an Allowed Claim, it is a Disputed Claim and
27 you will not be entitled to vote on the Plan unless the Bankruptcy Court temporarily or
28 provisionally allows your Claim for voting purposes pursuant to Bankruptcy Rule 3018. If you

1 are uncertain as to the status of your Claim or Equity Security or if you have a dispute with
2 Debtor, you should check the Bankruptcy Court record carefully, including the Schedules of
3 Debtor, and you should seek appropriate legal advice. Debtor and its professionals cannot advise
4 you about such matters.

5 **7. Impaired Claims and Equity Securities.**

6 Impaired Claims and Equity Securities include those whose legal, equitable, or
7 contractual rights are altered by the Plan, even if the alteration is beneficial to the Creditor or
8 Equity Security Holder, or if the full amount of the Allowed Claims will not be paid under the
9 Plan. Holders of Claims which are not impaired under the Plan are deemed to have accepted the
10 Plan pursuant to Section 1126(f) and Debtor need not solicit the acceptances of the Plan of such
11 unimpaired Claims. As such, only Holders of Claims in impaired Classes 1, 2, and 5 under the
12 Plan are entitled to vote.

13 **8. Voting procedures.**

14 a. **Submission of ballots.**

15 All Creditors entitled to vote will be sent a Ballot, together with instructions for voting, a
16 copy of this approved Disclosure Statement, and a copy of the Plan. You should read the Ballot
17 carefully and follow the instructions contained therein. Please use only the Ballot that was sent
18 with this Disclosure Statement. You should complete your Ballot and return it as follows:

19 GORDON SILVER
20 Attn: Talitha Gray Kozlowski, Esq.
21 3960 Howard Hughes Parkway, 9th Floor
22 Las Vegas, Nevada 89169
(702) 796-5555 Telephone
(702) 369-2666 Facsimile
23 Email: tkozlowski@gordonsilver.com

24 TO BE COUNTED, YOUR BALLOT MUST BE **RECEIVED** AT THE ADDRESS LISTED
25 ABOVE BY DECEMBER 9, 2011, at 5:00 p.m. (PACIFIC TIME).

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b. **Incomplete ballots.**

Unless otherwise ordered by the Bankruptcy Court, Ballots which are signed, dated, and timely received, but on which a vote to accept or reject the Plan has not been indicated, will be counted as a vote to accept the Plan.

c. **Withdrawal of ballots.**

A Ballot may not be withdrawn or changed after it is cast unless the Bankruptcy Court permits you to do so after notice and a hearing to determine whether sufficient cause exists to permit the change.

d. **Questions and lost or damaged ballots.**

If you have any questions concerning these voting procedures, if your Ballot is damaged or lost, or if you believe you should have received a Ballot but did not receive one, you may contact Debtor's counsel as listed above regarding the submission of Ballots.

XII.
ALTERNATIVES TO THE PLAN

A. Debtor's Considerations.

Debtor believes that the Plan provides Creditors with the best and most complete form of recovery available. As a result, Debtor believes that the Plan serves the best interests of all Creditors and parties-in-interest in the Chapter 11 Case. In formulating and developing the Plan, Debtor has explored other alternatives. Debtor believes not only that the Plan, as described herein, fairly adjusts the rights of various Classes of Creditors and enables the Creditors to realize the greatest sum possible under the circumstances, but also that rejection of the Plan in favor of some theoretical alternative method of reconciling the Claims and Equity Securities of the various Classes will not result in a better recovery for any Class.

B. Alternative Plans Of Reorganization.

Under Section 1121, a debtor has an exclusive period of one hundred twenty (120) days and an additional vote solicitation period of sixty (60) days from the entry of the order for relief during which time, assuming that no trustee has been appointed by the Bankruptcy Court, only a debtor may propose and confirm a plan. After the expiration of the initial one hundred eighty

1 (180) day period, and any extensions thereof, Debtor, or any other party-in-interest, may propose
2 a different plan provided the exclusivity period is not further extended by the Bankruptcy Court.
3 In the case at hand, Debtor filed its Plan prior to the expiration of the exclusive period.

4 **C. Liquidation Under Chapter 7.**

5 If a plan cannot be confirmed, a Chapter 11 case may be converted to a case under
6 Chapter 7, in which a Chapter 7 trustee would be elected or appointed to liquidate the assets of
7 debtor for distribution to their creditors and Holders of equity security in accordance with the
8 priorities established by the Bankruptcy Code.

9 As previously stated, Debtor believes that a liquidation under Chapter 7 would result in a
10 substantially reduced recovery of funds by its Creditors because of: (i) additional Administrative
11 Expenses involved in the appointment of a Chapter 7 trustee for Debtor and attorneys and other
12 professionals to assist such Chapter 7 trustee; (ii) additional expenses and Claims, some of which
13 may be entitled to priority, which would be generated during the Chapter 7 liquidation; and (iii)
14 the possibility that Wells Fargo and BB&T would be entitled to relief from the automatic stay in
15 such Chapter 7 bankruptcy case, thereby likely resulting in a foreclosure sale of Building 8 and
16 Building 11, which will reduce the recovery by Debtor's other Creditors and Equity Security
17 Holders. Accordingly, Debtor believes that all Holders of Claims will receive a smaller
18 distribution under a Chapter 7 liquidation.

19 **XIII.**
20 **AVOIDANCE ACTIONS**

21 A bankruptcy trustee (or the entity as debtor-in-possession) may avoid as a preference a
22 transfer of property made by a debtor to a creditor on account of an antecedent debt while a
23 debtor was insolvent, where that creditor receives more than it would have received in a
24 liquidation of the entity under Chapter 7 of the Bankruptcy Code had the payment not been
25 made, if: (i) the payment was made within ninety (90) days before the date the Chapter 11 Case
26 was commenced; or (ii) if the creditor is found to have been an "insider" as defined in the
27 Bankruptcy Code, within one (1) year before the commencement of the Chapter 11 Case. A

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1 debtor is presumed to have been insolvent during the ninety (90) days preceding the
2 commencement of the case.

3 A bankruptcy trustee (or the entity as debtor-in-possession) may avoid as a fraudulent
4 transfer a transfer of property made by a debtor within two (2) years (and under applicable
5 Nevada law, four (4) years) before the date the Chapter 11 Case was commenced if: (i) debtor
6 received less than a reasonably equivalent value in exchange for such transfer; and (ii) was
7 insolvent on the date of such transfer or became insolvent as a result of such transfer, such
8 transfer left debtor with an unreasonably small capital, or debtor intended to incur debts that
9 would be beyond debtor's ability to pay as such debts matured. In addition, this reachback may
10 be extended further to within one (1) year of reasonable discovery of the facts underlying the
11 transfer and its actual fraudulent nature.

12 Provided the brief period of time that has transpired since the commencement of the
13 Chapter 11 Case, Debtor has not fully analyzed various potential preference or other avoidance
14 actions, and it is possible that additional pre-petition transactions may be avoidable and
15 recoverable under various theories in Chapter 5 of the Bankruptcy Code. Debtor thus hereby
16 expressly reserves its right to commence any appropriate actions pursuant to Chapter 5 of the
17 Bankruptcy Code.

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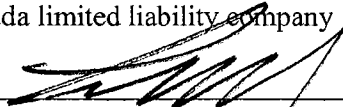
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XIV.
RECOMMENDATION AND CONCLUSION

In Debtor's opinion, the Plan provides the best possible recovery for all Creditors as a whole, and therefore recommends that all Creditors who are entitled to vote on the Plan vote to accept the Plan.

DATED this 25th day of October, 2011.

BELTWAY ONE DEVELOPMENT GROUP LLC,
a Nevada limited liability company



By: Beltway One Management Group LLC
Its: Manager

By: Nigro Development LLC
Its: Manager

By: Todd Nigro
Its: Manager

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APPENDIX

EXHIBIT "1"	DEBTOR'S PLAN OF REORGANIZATION
EXHIBIT "2"	BUILDING 8 APPRAISAL
EXHIBIT "3"	BUILDING 11 APPRAISAL
EXHIBIT "4"	DEBTOR'S PROJECTIONS
EXHIBIT "5"	LIQUIDATION ANALYSIS