

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF CONNECTICUT
BRIDGEPORT DIVISION**

_____	X	
	:	
In re:	:	
	:	CHAPTER 11
SEVEN OAKS PARTNERS, L.P.	:	
	:	CASE NO. 12-50168 (JAM)
Debtor.	:	
_____	X	

**THIRD AMENDED
DISCLOSURE STATEMENT**

On January 31, 2012 (the “Petition Date”), Seven Oaks Partners, L.P. (the “Debtor” or “Seven Oaks”), a Delaware limited partnership, filed a voluntary petition under chapter 7 of the United States Code (the “Code”) with the United States Bankruptcy Court for the District of Connecticut (the “Court”). On April 12, 2012, the Debtor’s case was converted to a case under chapter 11. Seven Oaks has filed, together with this Third Amended Disclosure Statement, its proposed Third Amended Plan of Reorganization (the “Plan”). Pursuant to Section 1125 of the Code, the Debtor has prepared and filed this Third Amended Disclosure Statement (the “Statement”) along with the Plan for the Court’s approval for submission to the holders of claims and interests with respect to the Debtor and its assets. The purpose of this Statement is to provide the holders of claims against or interests in the Debtor with adequate information about the Debtor and the Plan to make an informed judgment about the merits of approving the Plan.

NO REPRESENTATIONS CONCERNING THE DEBTOR (PARTICULARLY AS TO THE VALUE OF ITS PROPERTY) ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE ACCEPTANCE OF THE PLAN WHICH ARE

OTHER THAN AS CONTAINED IN THIS STATEMENT SHOULD NOT BE RELIED UPON BY ANY CREDITOR. THE INFORMATION CONTAINED IN THIS STATEMENT HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. THE RECORDS KEPT BY THE DEBTOR ARE NOT WARRANTED OR REPRESENTED TO BE WITHOUT ANY INACCURACY ALTHOUGH EVERY EFFORT HAS BEEN MADE TO BE ACCURATE. APPROVAL OF THIS DISCLOSURE STATEMENT BY THE COURT DOES NOT CONSTITUTE A RECOMMENDATION AS TO THE MERITS OF THE PLAN.

**I.
GENERAL HISTORY**

The Debtor was formed in February of 2000 and operated a successful real estate business that purchased, developed, managed and sold real estate. The Debtor also made real estate loans, mainly in the bridge loan market; short term collateralized loans. The Debtor was profitable from inception through 2008. During the period of 2008 through 2010, a large percentage of the Debtor's bridge loans defaulted causing the Debtor severe financial distress; the assets that produced income (interest) now became revenue consuming assets (legal costs to pursue borrowers and expenses to protect collateral) which absorbed all of the Debtor's reserves. Despite collecting on some loans and selling some properties, Debtor was unable to stabilize its finances with the many defaulted loans depleting capital and preventing any new capital infusions from investors or lenders.

**II.
POST-PETITION PROCEEDINGS AND BUSINESS OPERATION**

After the Petition Date, an auction was held, pursuant to an order of the Bankruptcy Court, with respect to real property owned by the Debtor and known as 614 Shippan Avenue, Stamford, Connecticut and 3 Seaview Avenue, Stamford, Connecticut (the "Shippan Property").

The Debtor, as a second mortgage holder, had foreclosed upon the Shippan Property prior to the Petition Date. The first mortgage holder, Associated Properties, LLC (“APL”), was named the successful bidder by the Court at the auction with a credit bid of \$2,700,000, and the sale was approved, by order approving sale dated May 31, 2013 (the “Sale Order”). The Debtor appealed the Sale Order to the United States District Court. The appeal was withdrawn after the Debtor reached an agreement with APL on the terms of a revised sale order. The Debtor also successfully negotiated with APL to settle other disputes between them, and by order dated April 10, 2014, the Court approved the compromise and settlement set forth in a Settlement Agreement, which provided, inter alia, that APL would waive all claims against the Debtor’s estate and the Shippan Property was conveyed to APL.

Prior to the Petition Date, the Debtor commenced an action in the Superior Court for the State of Connecticut entitled Seven Oaks Partners LP v. M&M Shippan, LLC, et al., FST-CV09-5009959-S against Mark B. Blechman and M&M Shippan, LLC (the “Blechman Action”) to collect monies owed to the Debtor. Mark B. Blechman filed a voluntary petition under Chapter 7 of the Bankruptcy Code on January 31, 2015, and the Chapter 7 Trustee of his estate, Roberta Napolitano, obtained authority to sell certain real property owned by the estate. The Debtor had obtained a lien on the real property, prior to the filing of the bankruptcy through the Blechman Action. Trustee Napolitano has disbursed \$69,888.51 from the sale proceeds to the Debtor and has filed her final report in the bankruptcy estate evidencing that the Debtor’s estate will receive an additional \$6,588.15. The Debtor does not anticipate any further amount collectible from the Blechman Action.

After the Petition Date, the Debtor commenced state court litigation alleging legal malpractice against a law firm that had represented the Debtor prior to the Petition Date. The

litigation was dismissed by order of the Connecticut Superior Court and Debtor does not intend to pursue further litigation in this matter at this time.

By order dated June 9, 2014, the Debtor obtained authority to enter into a loan transaction with Wilnin Capital, LLC to borrow funds on an unsecured basis to payoff the existing real property tax obligation on the Greenwich Property (defined below). The Debtor closed on the loan transaction and borrowed \$189,043.95 from Wilnin Capital, LLC (“Wilnin Capital”) as evidenced by two promissory notes, one dated June 27, 2014, in the amount of \$168,618.07 and the second dated June 30, 2014 in the amount of \$20,424.88 (jointly, the “Wilnin Loan”). The Wilnin Loan matured in June, 2016 and the entire principal balance plus accrued but unpaid interest thereon is due as an administrative expense of the Debtor’s estate.

The Debtor filed its initial plan of reorganization and disclosure statement on June 18, 2014. The plan and disclosure statement were amended on July 21, 2014 and by order dated July 22, 2014, the Court approved the Debtor’s amended disclosure statement and set a confirmation hearing on the Debtor’s amended plan for September 9, 2014. Shortly before the confirmation hearing Cynthia Licata filed an objection to confirmation. The confirmation hearing did not proceed and shortly thereafter Cynthia Licata was granted relief from stay to pursue litigation in state court wherein she alleged continued ownership in the real property located at 23 Meetinghouse Road, Greenwich, Connecticut (the “Greenwich Property”). Prior to the Petition Date, the Debtor had obtained title to the Greenwich Property after obtaining a foreclosure judgment and upon the passage of law days entered in a Connecticut state court foreclosure action to which Ms. Licata was a party. Ms. Licata failed to prosecute any issues in the state court for several months until she ultimately filed a Motion to Determine Status of Purported Judgment of Strict Foreclosure on January 6, 2017 (the “Licata Motion”). The Licata Motion

was denied by the Connecticut Superior Court on January 23, 2017 and Ms. Licata has taken an appeal of this state court decision. The Debtor has filed a motion to dismiss the appeal, which is pending. On July 19, 2017, the Connecticut Appellate Court entered an order requiring the trial court to articulate (i) whether a strict foreclosure judgment had entered, (ii) when a judgment entered, and (iii) when the law days had run. On August 3, 2017, in response to the Appellate Court Order, Judge Agati of Connecticut Superior Court filed an articulation which states that a strict judgment foreclosure was entered on October 5, 2006 and notes that “it appears that if the Appellate stay was in effect based on the appeal of November 2006 that the law days have not run.” The Debtor contends that since no appeal was taken of the October 5, 2006 foreclosure judgment, no stay was in effect. In response to the articulation, the Debtor has filed a motion with the Connecticut Appellate Court for permission to file a supplemental brief in support of its Motion to Dismiss. The Debtor does not believe there is any basis to support Ms. Licata’s position and intends to vigorously contest any such allegations.

The Debtor filed amended bankruptcy schedules on November 14, 2012 adding Ms. Licata, *inter alia*, as a disputed creditor of the estate. Upon Debtor’s motion, the Court set a bar date of July 8, 2013 as the last day upon which Ms. Licata could file a proof of claim in Debtor’s estate. On September 5, 2014, fourteen months after passage of the court ordered bar date, Ms. Licata filed a proof of claim in the amount of \$900,000 (Claim No. 4-1) (the “Licata Claim”). The Debtor objected to the Licata Claim as untimely and its objection was sustained by order of this Court dated March 29, 2017, disallowing the Licata Claim in its entirety. Ms. Licata has filed a notice of appeal of the Court’s order sustaining Debtor’s objection and the appeal is pending. The Debtor intends to vigorously defend the appeal.

The Court elected not to proceed on the confirmation of the Debtor's prior plan of reorganization pending resolution of the issues regarding title to the Greenwich Property. Pursuant to a scheduling order entered by the Court on June 15, 2016, the Debtor filed a motion to sell the Greenwich Property pursuant to Section 363 of the Bankruptcy Code. The Debtor's motion to sell was granted by order dated July 18, 2016 (the "363 Order"). The Debtor actively marketed the Greenwich Property since entry of the 363 Order but, due to a turbulent real estate market, the poor condition of the Greenwich Property, and potential title issues effecting the Greenwich Property in particular, it has not been able to find a buyer for the Greenwich Property. The Debtor believes that upon confirmation of its Plan and the resolution of any title issues it will be able to find a buyer for the Greenwich Property.

III. PRE-PETITION DEBT

The following claims were taken from the Company's schedules and from the proofs of claims filed. Where they conflict, the amounts from the proofs of claim have been used. There are no secured claims against the Debtor's estate.

A. Priority Claims. Section 507(a)(8) of the Code

State of Connecticut Department of Revenue Services claims priority taxes due in the amount of \$555.00.

B. Unsecured Debt

There are four creditors with unsecured claims in the aggregate approximate amount of \$6,952,922.15. Two of the creditors are Murray Chodos and Cynthia Licata with claims totaling \$6,950,000.00.

C. Equity Security Holders

Seven Oaks Management Corporation is the general partner of the Debtor. Murray

Chodos is the officer and shareholder of Seven Oaks Management Corporation.

IV.
THE PLAN OF REORGANIZATION

A. Definitions

1. **Claim:** Claim shall mean a claim against the Debtor, whether or not asserted or allowed, as defined in Code Section 101 (5).

2. **Code:** Code shall mean the Bankruptcy Reform Act of 1978 which has been codified as Title 11 of the United States Code.

3. **Confirmation:** Confirmation shall mean the date on which the Plan is confirmed by Order of the Court.

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

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

6. **Date of Confirmation of the Plan:** Date of Confirmation of the Plan shall mean that date upon which the Court approves the Company's Plan.

7. **Net Proceeds:** Net Proceeds from the sale of real estate shall be defined as the balance left over after payment in full of any encumbrances on said realty, a reasonable attorney's fee for the closing, closing costs and adjustments standard to the practice of the town where the property is located, payment of any capital gains taxes due on the sale and payment for any allowed administration expenses in this case.

8. Voting, Cram Down and Confirmation

a. Voting

In order to obtain confirmation of the Plan by the Court, the Plan must be accepted by the Creditors of Class 2 holding allowed claims. Of those creditors in Class 2 who have allowed claims and are entitled to vote on the Plan and who actually vote on the Plan, creditors holding at least two-thirds in dollar amount of the allowed claims and who constitute more than one-half in number of such voting creditors must vote for the Plan in order for the Plan to be confirmed.

Administrative claims, priority claims and Class 1 claims are to be paid in full upon confirmation; they are not impaired under the Plan and are deemed to have accepted the Plan. Creditors within a class vote as part of a class.

b. Cram Down

If any class should fail to accept the Plan by the required majority, the Court may, under Section 1129(b) of the Code, nonetheless confirm the Plan if at least one impaired class has accepted the Plan and the Court finds that the Plan does not discriminate unfairly and is fair and equitable with respect to any impaired class which has not accepted the Plan. A plan is “fair and equitable” within the meaning of this section if it provides as to a dissenting class of secured creditors, retention of the lien securing the claim in the allowed amount of the claim, and payment of deferred cash payments totaling the allowed amount of such claim and having a value, as of the effective date of the Plan, of its collateral. As to a dissenting class of unsecured creditors, a Plan is “fair and equitable” if it receives property of a value, as of the effective date of the Plan, equal to the allowed amount of its claims, or the holders of claims in junior classes will receive or retain nothing under the plan. The rule that

junior classes receive or retain no property is sometimes called the “absolute priority rule.” However, an exception to this rule exists where either the plan provides for a liquidation or a junior class makes a “substantial” contribution of new money or property into the debtor as part of a plan of reorganization, and this exception may provide an opportunity to existing shareholders of the debtor who wish to retain an equity interest in the Company. The Company intends to invoke these “cram down” provisions against any class, secured or unsecured, that fails to accept the Plan.

9. To the extent that the word “impaired” is used, impaired is defined in 11 U.S.C. § 1124 as follows except as to unfavorable treatment agreed upon by any class or claimant:

“A class of claims or interests is impaired under a plan unless, with respect to each claim or interest of such class, the plan

1. leaves unaltered, the legal, equitable and contractual rights to which such claim or interest entitles the holder of such claim or interest;

or

2. notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default –

a. cures any such default that occurred before or after the commencement of the case under this title (11 U.S.C. § 101 *et. seq.*) other than a default of a kind specified in § 365 (b) (2) of this title, 11 U.S.C. § 365 (b)(2), or of a kind that § 365 (b)(2) expressly does not require to be cured;

b. reinstates the maturity of such claim or

interest as such maturity existed before such default;

c. compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law;

d. if such claim or such interest arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to § 365 (b)(1)(A), compensates the holder of such claim or such interest (other than the Debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure; and

e. does not otherwise alter the legal, equitable or contractual rights to which such claim or interest entitles the holder of such claim or interest.”

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

1. Payment to and protection of the interests of the secured creditors;
2. Payment of all obligations to the taxing authorities;
3. Payment of all priority and administrative claims;
4. Payment of an amount to unsecured creditors that is not less than such creditors

would receive in the event that the Debtor was liquidated on the effective date of the Plan. The following is a brief summary of the Plan and should not be relied upon for voting purposes. Creditors are urged to read the Plan in full. Creditors are further urged to consult with counsel or with each other in order to fully understand and evaluate the Plan.

All creditors who are listed in the Debtor’s schedules filed with the Bankruptcy Court

may vote on the Plan whether or not they have filed Proofs of Claim, except in those instances where the schedules reflect that that claim is disputed, unliquidated, contingent or where objections to claims have been filed. Further, all creditors who are listed in the schedules will receive payment pursuant to the Plan whether or not a Proof of Claim was filed, except in those instances where the schedules reflect that the Creditor's claim is disputed, contingent, or unliquidated. In the case where objections to claims have been made by the Debtor, payments will be made in accordance with the Plan upon a final decision by the Court as the allowed amount. Where a Proof of Claim is filed in an amount which is different from that set forth in the Debtor's schedules, or is filed as a claim which its schedules are disputed, contingent or unliquidated, the same may be subject to objection, and after a hearing thereon, may be either allowed, reduced or disallowed by the Court and the amount determined in that instance will establish the amount to be paid to the Creditors pursuant to the Plan.

C. Claims and Interests Under the Plan

1. Administrative Claims

Administrative expenses as defined in Section 503(b) of the Code include the claims of the Company's counsel, Neubert, Pepe & Monteith, P.C., Harlow, Adams and Friedman, P.C. ("Harlow Adams") and Goldman, Gruder & Woods, LLC ("Goldman Gruder"), which total is estimated to be \$45,000.00. Goldman Gruder has obtained a court order dated May 17, 2017 approving its fees in the amount of \$9,990. Harlow Adams has obtained a court order dated June 21, 2017 approving its fees in the amount of \$19,660 and expenses in the amount of \$50.50. Many of the Court approved fees and expenses for the Company's counsel have been paid from the funds received by the Debtor through the Blechman Action. Harlow Adams continues to represent the Debtor in connection with the pending appeal filed by Cynthia Licata.

The allowance of the above claims is required to be approved by the Court. The balance of the allowed administrative claims of the Company's counsel shall be paid from recoveries of the Company's loan receivables including the Blechman Action or proceeds from the sale of the Greenwich Property. Administrative claims also include the post-petition loan made to the Debtor by Wilnin Capital as approved by order of this court dated June 10, 2014. The Wilnin Loan is evidenced by two promissory notes totaling, in the aggregate, \$189,043. By its terms, the Wilnin Loan has matured and is currently due and payable. Wilnin Capital has agreed to have the Wilnin Loan paid upon a sale of the Greenwich Property.

2. Priority Claims under 507(a)(8)

This is the priority claim of the State of Connecticut Department of Revenue Service in the amount of \$555.00.

3. Unsecured Claims Class 1

These are the claims of the unsecured creditors (other than Murray Chodos and Cynthia Licata).

4. Unsecured Claim Class 2 (Murray Chodos and Cynthia Licata)

Class 2 consists of the claim of Murray Chodos, an insider of the Debtor and Cynthia Licata, holder of a late-filed claim. Ms. Licata's claim has been disallowed in its entirety by order of the Court. Ms. Licata is currently appealing the Court's decision disallowing her claim.

5. Claims of Equity Security Holder Class 3

Seven Oaks Management Corporation is the general partner of the Debtor.

D. Treatment of Claims and Interests Under the Plan

1. Administrative Claims

These claims will be paid in full on the later of their allowance or confirmation of the Plan. Any entity herein may elect to receive payment over a period of time or a different treatment.

2. Priority Claims

Priority claims will be paid in full on the Effective Date of the Plan.

3. Unsecured Claims

a. Class 1 Unimpaired

The unsecured creditors (other than Murray Chodos and Cynthia Licata) will be paid their allowed unsecured claims in full on the Effective Date of the Plan.

b. Class 2 Impaired

Murray Chodos will subordinate his claim to the claims of Class 1 creditors. Cynthia Licata's claim, to the extent it is allowed, is subordinated to the claims of class 1 creditors by virtue of its late filing. The allowed unsecured claims of Class 2 creditors will be paid from the Net Proceeds of the sale of the Greenwich Property on a pro-rata basis.

4. Equity Interests

a. Class 3 Unimpaired

Seven Oaks Management Corporation will retain its interest in the Debtor.

**V.
FINANCIAL INFORMATION**

Debtor has analyzed its books and records and concluded that there have been no transfers of the Debtor's assets, other than in the ordinary course of business, therefore the Debtor does not believe it has any claims to pursue fraudulent transfers or conveyances.

A. Executory Contracts

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

B. Liquidation Analysis

The face sheet of the appraisal of the Greenwich Property is annexed hereto as Exhibit A. (Full copies of the appraisal is available on request from the Debtor's counsel.) In addition, the Debtor expects to receive an additional \$6,588.15 from the Blechman bankruptcy estate. The Debtor contends that its Plan shall maximize a recovery for its creditors and exceed any recovery that could be obtained through a chapter 7 proceeding. A chapter 7 proceeding would include the costs of a chapter 7 trustee's commission and exclude advances by Wilnin Capital to pay real estate tax obligations which enables the Debtor to market the Greenwich Property and maximize a recovery. The Debtor's assets include cash in its bank account (approximately \$7,000.00) and loan receivables in collection of more than \$1.8 million. Due to collectability questions regarding the receivables, the Debtor is unable to project how much it will recover from the receivables.

C. Means of Effectuation of the Plan

1. The Debtor retained a broker to market and sell the Greenwich Property, which broker marketed the property during 2016. The listing agreement with the broker has expired and currently there is no retained broker for the sale of the Greenwich Property. The Debtor intends to seek retention of a broker to continue its efforts to market and sell the Greenwich Property. The sale proposed in the Plan shall be made pursuant to § 1146 of the Bankruptcy Code, which provides that property transferred under a confirmed plan shall not be taxed under any law imposing a stamp tax or similar tax. The Debtor shall, therefore, seek an exemption

from the imposition of state and local conveyance taxes upon the sale of the Greenwich Property and will request a finding in the Order confirming the Plan that no tax is due on the conveyance of the Greenwich Property pursuant to the Plan.

2. The Debtor will utilize funds realized from the collection of any of its receivables and the sale of the Greenwich Property to fund payments due under the Plan. Wilnin Capital has agreed to fund the payment of the Debtor's real estate tax obligations when due for at least three (3) years after the Effective Date and shall not seek to recover any such funds from the Debtor or its property. If the Greenwich Property is not sold after such three (3) year period, the Debtor will seek to retain a licensed real estate auction company to auction the Greenwich Property after at least forty-five days of marketing by the auction company and pay its obligations under the Plan.

3. As of the Petition Date, the Debtor owned five (5) other loans, as listed on its bankruptcy schedules. It believes that three of the loans (Carpenito, Fersko and Mehling) have become uncollectable due to foreclosures of prior liens on the properties securing these loans. The Debtor will continue its efforts to recover funds on the two remaining loans (DFT Trust and Sherri DeVito), the Debtor has an outstanding judgment against Sherri DeVito, but it is unable to project the size of any recovery. The principal amount of these two claims exceed \$1.8 million.

4. After Confirmation, Murray Chodos shall continue to serve as the President of the Debtor's general partner. Wilnin Capital has agreed to fund the expenses associated with the maintenance of the Greenwich Property until it is sold and has agreed not to seek reimbursement for such expenses, excluding the Wilnin Loan, from the Debtor. The general partner shall not receive any compensation for its services until all distributions to Class 1 and 2 holders are made.

D. Profit History and Projection

The Company plans to make payments to creditors from funds advanced by Wilnin Capital and the proceeds of the sale of the Greenwich Property. The reader is cautioned that the available proceeds are, of course, dependent on the sales price realized. The Debtor reasonably expects that sufficient revenue will be generated in order for the Debtor to make the required payments under the Plan and that the Plan as proposed is in the best interests of its creditors. The attainment of the objective of providing unsecured creditors with value that is not less than what would be received in a liquidation. By selling the Greenwich Property pursuant to this Plan, the Debtor will maximize recovery for creditors and avoid the costs of a chapter 7 liquidation (which includes trustee commissions and court costs).

E. Fees

In accordance with Section 1129(a)(12) of the Bankruptcy Code and 28 U.S.C. § 1930, all quarterly fees payable to the United States Trustee shall be paid by the Debtor in full on or before their respective due dates and shall continue to be assessed and paid until such time as a final decree is entered by the Court or the Court enters an order converting or dismissing this case. The Debtor shall also timely file monthly operating reports every month until such time as a final decree is entered by the Court or the Court enters an order converting or dismissing this case.

F. Certain Federal Income Tax Consequences of the Plan

1. Federal Income Tax Consequences to the Debtor

The tax consequences of the Plan on the Company are uncertain because the range of values that may be realized on the sale of the properties is unknown. In addition, there is uncertainty as to the amount of rental income that will be received. However, the Debtor will

likely be subject to Federal income taxes, capital gains taxes and may be subject to alternative minimum taxes. The Plan provides for the payment of capital gains taxes prior to the distribution of the net proceeds from the sale of real estate.

Under the Plan, some creditors may not have their claims paid in full resulting in a discharge of indebtedness of the debtor. Under the Internal Revenue Code of 1986 (the "Tax Code"), a taxpayer generally must include in gross income the amount of indebtedness discharged during the taxable year. However, under Section 108 of the Tax Code, when the discharge of indebtedness is pursuant to a plan approved by the court in a case under Chapter 11 of the Bankruptcy Code, the amount of indebtedness is excluded from gross income. Instead, certain tax attributes of the debtor are reduced by the amount of indebtedness discharged and excluded from income. The tax attributes to be reduced are: net operating losses, certain credit carryovers, capital loss carryovers, the basis of the taxpayer's property, and foreign tax credits.

2. Federal Income Tax Consequences to the Creditors

In general, a creditor may realize and recognize gain or loss on the exchange of a claim in an amount equal to the difference between the holder's basis in the claim and the amount realized. Each creditor may recognize ordinary income to the extent it receives cash allocable to accrued interest income not previously included in their federal taxable income. Conversely, each creditor that had previously included accrued yet unpaid interest in their federal taxable income may recognize a loss to the extent such accrued unpaid interest is not paid in full. The proper allocation between principal and interest of amounts received for a claim not paid in full is unclear. Because the tax consequences of the Plan may vary based on individual circumstances, each holder of a claim is urged to consult with its own tax advisor as to the consequences of the Plan to it under federal and applicable state and local tax laws. The

following discussion summarizes certain U.S. federal income tax consequences of the implementation of the Plan to the Debtors and to the holders of Unsecured Claims. The following summary does not address the U.S. federal income tax consequences to holders whose Claims are unimpaired or otherwise entitled to payment in full in Cash under the Plan (e.g., Administrative Expense Claims, Priority Non-Tax Claims, and Other Secured Claims), or holders of Old Equity Interests that are extinguished without a distribution in exchange therefore.

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

The U.S. federal income tax consequences of the Plan are complex and are subject to significant uncertainties. The Debtors have not requested a ruling from the IRS or an opinion of counsel with respect to any of the tax aspects of the Plan. Thus, no assurance can be given as to the interpretation that the IRS will adopt. In addition, this summary generally does not address foreign, state or local tax consequences of the Plan, nor does it address the U.S. federal income tax consequences of the Plan to special classes of taxpayers (such as foreign taxpayers, broker-dealers, persons not holding their Claims, persons holding unsecured claims who are not the original holders of those Claims or who acquired such Claims at an acquisition premium, and persons who have claimed a bad debt deduction in respect of any Unsecured Claims).

Accordingly, the following summary of certain U.S. federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon the individual circumstances pertaining to a holder of a Claim.

IRS Circular 230 Notice: To ensure compliance with IRS Circular 230, holders of Claims and Equity Interests are hereby notified that: (A) any discussion of federal tax issues contained or referred to in this Disclosure Statement is not intended or written to be used, and cannot be used, by holders of Claims or Equity Interests for the purpose of avoiding penalties that may be imposed on them under the Tax Code; (b) such discussion is written in connection with the promotion or marketing by the Debtors of the transactions or matters addressed herein; and (c) holders of Claims and Equity Interests should seek advice based on their particular circumstances from an independent tax advisor.

3. Consequences to Holders of Allowed General Unsecured Claims Class 1 and 2

In general, each holder of an Allowed General Unsecured Claim should recognize gain or loss in an amount equal to the difference between (x) the amount of Cash received by the holder in satisfaction of its Claim (other than any Claim for accrued but unpaid interest) and (y) the holder's adjusted tax basis in its Claim (other than any basis attributable to accrued but unpaid interest). Pursuant to the Plan, distributions to any holder of an Allowed General Unsecured Claim will be allocated first to the original principal amount of such Claim as determined for federal income tax purposes and then, to the extent the consideration exceeds such amount, to any portion of such Claim representing accrued original issue discount ("OID") or accrued but unpaid interest. However, there is no assurance that the IRS would respect such allocation for federal income tax purposes. In general, to the extent that an amount received by a holder of debt is received in satisfaction of accrued interest or OID during its holding period,

such amount will be taxable to the holder as interest income (if not previously included in the holder's gross income). Conversely, a holder will generally recognize a loss to the extent any accrued interest was previously included in its gross income and is not paid in full. Each holder is urged to consult its tax advisor regarding the allocation of consideration and the deductibility of losses realized in respect of Allowed General Unsecured Claims for federal income tax purposes.

Where gain or loss is recognized by a holder of an Allowed General Unsecured Claim, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, whether the Claim constitutes a capital asset in the hands of the holder and how long it has been held, whether the Claim was originally issued at a discount or a premium, whether the Claim was acquired at a market discount, and whether and to what extent the holder previously had claimed a bad debt deduction in respect of that Claim.

4. **Information Reporting and Withholding**

All distributions to holders of Claims under the Plan are subject to any applicable tax withholding, including employment tax withholding. Under U.S. federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then applicable withholding rate. Backup withholding generally applies if the holder (a) fails to furnish its social security number or other taxpayer identification number ("TIN"), (b) furnishes an incorrect TIN, (c) fails properly to report interest or dividends, or (d) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that it is a United States person that is not subject to backup withholding. Backup withholding is not an additional tax but merely an

advance payment, which may be refunded to the extent it results in an overpayment of tax and the appropriate information is supplied to the IRS. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions.

In addition, from an information reporting perspective, Treasury Regulations generally require disclosure by a taxpayer on its federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, the following: (1) certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds; and (2) certain transactions in which the taxpayer's book-tax differences exceed a specified threshold in any tax year. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the holders' tax returns.

The foregoing summary has been provided for informational purposes only. All holders of Claims receiving a distribution under the Plan are urged to consult their tax advisors concerning the federal, state, local and foreign tax consequences applicable under the Plan.

Dated: August 11, 2017
New Haven, Connecticut

THE DEBTOR,
SEVEN OAKS PARTNERS, L.P.

THE DEBTOR,
SEVEN OAKS PARTNERS, L.P.

By: /s/Murray Chodos
Seven Oaks Management Corp.
Its General Partner
By: Murray Chodos, President

By: /s/Douglas S. Skalka
Douglas S. Skalka (ct00616)
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EXHIBIT

A



File No. r-27958c

APPRAISAL OF



Single Family Residence

LOCATED AT:

23 Meetinghouse Road
Greenwich, CT 06831

FOR:

Seven Oaks Partners
13 Aiken Road
Greenwich, CT 06831

BORROWER:

N/A

AS OF:

October 8, 2013

BY:

Karl D Johanson



File No. r-27958c

10/08/2013

Seven Oaks Partners
13 Aiken Road
Greenwich, CT 06831

File Number: r-27958c

In accordance with your request, I have appraised the real property at:

23 Meetinghouse Road
Greenwich, CT 06831

The purpose of this appraisal is to develop an opinion of the market value of the subject property, as improved. The property rights appraised are the fee simple interest in the site and improvements.

In my opinion, the market value of the property as of October 8, 2013 is:

\$1,445,000
One Million Four Hundred Forty-Five Thousand Dollars

The attached report contains the description, analysis and supportive data for the conclusions, final opinion of value, descriptive photographs, limiting conditions and appropriate certifications.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Karl D. Johanson".

Karl D. Johanson

Certified Appraiser

Flax Appraisals

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF CONNECTICUT
BRIDGEPORT DIVISION**

_____	X	
	:	
In re:	:	
	:	CHAPTER 11
SEVEN OAKS PARTNERS, L.P.	:	
	:	CASE NO. 12-50168 (AHWS)
Debtor.	:	
_____	X	

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on August 11, 2017 the foregoing Third Amended Disclosure Statement was electronically filed. Notice of this filing was sent by e-mail to all parties by operation of the Court’s electronic filing system or by mail to anyone unable to accept electronic filing. Parties may access these filings through the Court’s system.

Dated: New Haven, Connecticut
August 11, 2017

THE DEBTOR,
SEVEN OAKS PARTNERS, LP

By: /s/Douglas S. Skalka
Douglas S. Skalka (ct00616)
NEUBERT, PEPE & MONTEITH, P.C.
195 Church Street
New Haven, CT 06510
(203) 821-2000
dskalka@npmlaw.com

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- Byron Paul Yost byronyostesq@aol.com

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