

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

In Re: : CHAPTER 11
: :
JACK DEMPSEY'S, INC. : Case No. 15-50555 (AHWS)
: :
Debtor :
: :
_____ : JUNE 6, 2016

**THIRD AMENDED DISCLOSURE STATEMENT FOR
PLAN OF REORGANIZATION OF
JACK DEMPSEY'S, INC.**

RESPECTFULLY SUBMITTED

THE DEBTOR:
JACK DEMPSEY'S, INC.

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INTRODUCTION & DISCLAIMER

Jack Dempsey's, Inc., debtor and debtor-in-possession ("JDI" or the "Debtor"), submits this Second Amended Disclosure Statement ("Disclosure Statement") pursuant to section 1125 of the Bankruptcy Code, for use in the solicitation of votes on the Second Amended Chapter 11 Plan for the Debtor (the "Plan"), proposed by the Debtor and filed with the Bankruptcy Court contemporaneously with the filing of this Disclosure Statement. A copy of the Plan is annexed hereto as an exhibit. This Disclosure Statement also describes terms and provisions of the Plan, including certain alternatives to the Plan, certain effects of Confirmation and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that holders of Claims against and Interests in the Debtor must follow for their votes, if any, to be counted. All capitalized terms not defined in this Disclosure Statement shall have the meanings ascribed to such terms in the Plan.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE DEBTOR BELIEVES THAT THE PLAN AND RELATED DOCUMENT SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTOR'S MANAGEMENT, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTOR DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS FOR THE PURPOSE OF SOLICITING ACCEPTANCES OF THE DEBTOR'S PLAN AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY MAKE ANY REPRESENTATIONS, OTHER THAN THE REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN. ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETIES BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE OF THIS DISCLOSURE STATEMENT AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER SUCH DATE.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, RETAINED ACTIONS, AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE

STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NONBANKRUPTCY PROCEEDING, NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST OR INTERESTS IN THE DEBTOR.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND BECOMES EFFECTIVE, ALL HOLDERS OF CLAIMS AND INTERESTS (INCLUDING THOSE WHO REJECTED OR WHO ARE DEEMED TO HAVE REJECTED THE PLAN AND THOSE WHO DID NOT SUBMIT BALLOTS TO ACCEPT THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN.

THE PLAN PROVIDES A DISTRIBUTION TO CREDITORS WHEN THERE WOULD NOT BE ONE IN A CHAPTER 7 LIQUIDATION OF THE DEBTOR.

I. GENERAL INFORMATION

A. Definitions and Clarifications.

Unless stated otherwise, terms, which are defined in Article I of the Plan and are not otherwise defined in this Disclosure Statement, shall have the meanings ascribed to them in Article I of the Plan.

B. Purpose.

The information contained in this Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan. No person is authorized to provide any information or make any representations, other than the information and representations contained in this Disclosure Statement, regarding the Plan or the solicitation of acceptances of the Plan.

The proposed Plan is attached hereto as Exhibit A, you should review it carefully with your lawyer and/or financial advisors.

C. Notice to Holders of Claims and Interests.

This Disclosure Statement is being transmitted to holders of Claims against and Interests in the Debtor for the purpose of soliciting votes on the Plan and to other parties-in-interest for informational purposes. The purpose of this Disclosure Statement is to provide adequate information to enable the holder of a Claim against or an Interest in the Debtor to make a reasonably informed decision with respect to the Plan prior to voting to accept or reject the Plan.

PLEASE MAKE NOTE OF AND ATTEND TO THE FOLLOWING:

- By order entered _____, the Bankruptcy Court approved this Disclosure Statement as containing information of a kind and in sufficient and adequate detail to enable such holders of Claims and Interests to make an informed judgment with respect to acceptance or rejection of the Plan.
- The Bankruptcy Court's approval of this Disclosure Statement does not constitute either a guaranty of the accuracy or completeness of the information contained herein or an endorsement of the Plan by the Bankruptcy Court.
- No representations concerning the Debtor or the value of its assets have been authorized by the Bankruptcy Court other than as set forth in this Disclosure Statement.
- The financial information contained in this Disclosure Statement has not been audited by a certified public accounting firm and has not necessarily been prepared in accordance with generally accepted accounting principles.

II. DESCRIPTION OF THE DEBTOR AND THE CHAPTER 11 CASE

A. Background of the Debtor.

The Debtor is the owner of 170 Oronoque Lane, Stratford, Connecticut (the “170 Oronoque” or the “Property”), a single-family home that is currently rented to a tenant. The Debtor is also the tenant and sub-landlord with respect to property located at 520 Success Avenue, Stratford, Connecticut (“520 Success”), that is currently leased to Blue Star Construction, LLC.

The Debtor acquired 170 Oronoque from Unique Ways, Inc.¹ on April 15, 2015, subject to all encumbrances filed against 170 Oronoque. The principal indebtedness against 170 Oronoque is a mortgage held by IP Media Products, LLC in the original principal amount of \$500,000.

The Debtor is owned by Julia Kish, who holds 100% of the Equity Interests of the Debtor.

B. Events and Circumstances Leading to Commencement of Chapter 11 Case.

170 Oronoque was originally owned by Faye Kish, the mother of the Debtor’s principal, Julia Kish. Because Ms. Kish could no longer afford to service the debt and other needs of 170 Oronoque, Jack Dempsey’s acquired 170 Oronoque with the hope of developing the property for use as cluster/density housing. To date, certain plans of development have been prepared and are in various stages of approval. The Debtor’s principals are confident that the plan will ultimately be approved and 170 Oronoque developed and/or sold for the benefit of creditors and equity holders.

In 2010, FNMA initiated a foreclosure action against then owner, Faye Kish, styled: *Federal National Mortgage Association v. Kish*, Case No. FBT-CV-10-6010674S (the “Foreclosure Case”), pending in Bridgeport Superior Court. Said case is currently stayed. Within the Foreclosure Case, 170 Oronoque has been valued by FNMA at \$254,000 (fair market value) as of June 19, 2014. The Debtor believes that the fair market value of the Property today is \$220,000. (A copy of the appraisal 170 Oronoque is attached hereto as Exhibit B.)

On February 25, 2016, the Debtor commenced an adversary proceeding styled *Jack Dempsey’s Inc. v. Federal National Mortgage Assoc’n., et al.*, Adv. Proc. Mo. 16-5011 (the “Adversary Proceeding”) to (a) determine the fair market value of the Property for purposes of determining the amount of Allowed Secured claims and (b) “stripping off” liens for which there was no equity in the Property. As set forth herein, the Property has a fair market value of \$220,000. As set forth below and in the Adversary Complaint, the Debtor will seek an order of this Court determining the fair market value of the Property is \$220,000 and ruling that FNMA has an Allowed Secured Claim in the amount of \$220,000, with the remaining amount treated as a general unsecured claim. Because there is no equity for any lien holder on the Property, other

¹ Unique Ways, Inc. is an affiliate of the Debtor, owned by the Debtor’s principal, Julia Kish.

than FNMA, all other liens will be "stripped off" (removed) pursuant to § 506 of the Bankruptcy Code. All creditors other than FNMA, and those claims entitled to Administration or Priority treatment will be treated as general unsecured creditors.

C. The Debtor's Assets and Liabilities.

The Debtor's assets and liabilities are set forth on the balance sheet attached hereto as Exhibit C. The Debtor's principal assets are its real estate holdings. The Debtor is also owed approximately \$75,000 in accounts receivable by certain affiliates (Yellow Rose, Inc. and GC, Inc.). Yellow Rose has agreed to repay this debt in monthly payments, commencing on the Effective Date, until paid.

The Debtor's primary liabilities are indebtedness owed to FNMA and a mortgage to IP Media, Inc., an affiliate of the Debtor.

Recently, the State of Connecticut, Department of Revenue Services ("CT-DRS"), concluded a sales tax audit with respect to the Debtor's 2011-2014 tax years. The CT-DRS has proposed an assessment of approximately \$40,000, which has been appealed by the Debtor. The Debtor believes that the CT-DRS proposed assessment is incorrect as the numbers used do not match the Debtor's records or federal tax filings. The Debtor intends to vigorously contest this proposed assessment. If the proposed assessment is determined to be valid, the Debtor's principals will contribute sufficient funds to the Debtor to resolve the sales tax liability. The Debtor does not believe that the proposed assessment represents a material adverse obstacle with respect to confirmation or consummation of the Plan.

III. PLAN VOTING INSTRUCTIONS AND PROCEDURES

A. Summary of the Plan

Following is a summary of the manner in which the Claims and Interests will be classified and treated:

| Class | Eligible to Vote | Treatment |
|------------------------|-------------------------|---|
| Administrative Claims | No | Payment in Full on Effective Date |
| Priority Tax Claims | No | Payment of Allowed Claim within 5 years of Petition Date |
| Class 1: IP Media, LLC | Yes | (1) Mortgage to be bifurcated into a secured and unsecured portion pursuant to 11 U.S.C. § 506 as value of property is less than prior indebtedness. Payment of Allowed Secured Claim over 5 years, subject to 5% interest and 30 year amortization schedule, with final balloon payment. Payment of Allowed General Unsecured Claim portion pursuant to Class 13. (2) <i>if 1111(b) Election</i> : Payment of Allowed Secured Claim over 20 years, interest only, subject to final balloon payment |
| Class 2: FNMA | Yes | Mortgage to be bifurcated into a secured and unsecured portion pursuant to 11 U.S.C. § 506 as value of property is less than prior indebtedness. Payment of \$277,000 and 5.25% interest thereon, to be paid in 360 equal monthly |

| <u>Class</u> | <u>Eligible to Vote</u> | <u>Treatment</u> |
|--|-------------------------|--|
| | | installments of principal and interest commencing on the 28th day of the month in which the Effective Date falls. Payment of FNMA's Allowed Claim in excess of \$277,000 shall be treated as an Allowed General Unsecured Claim portion pursuant to Class 13. (See Class 2 below for additional terms which terms are incorporated herein.) |
| Class 3: Regensberger Enterprises, Inc. | Yes | Mortgage to be stripped off pursuant to 11 U.S.C. § 506 as value of property is less than prior indebtedness. Claim to be paid as an Allowed General Unsecured Claim. |
| Class 4: Gus Curcio, Jr. | Yes | Mortgage to be stripped off pursuant to 11 U.S.C. § 506 as value of property is less than prior indebtedness. Claim to be paid as an Allowed General Unsecured Claim. |
| Class 5: Joseph Regensberger | Yes | Mortgage to be stripped off pursuant to 11 U.S.C. § 506 as value of property is less than prior indebtedness. Claim to be paid as an Allowed General Unsecured Claim. |
| Class 6: Richard Urban | Yes | Mortgage to be stripped off pursuant to 11 U.S.C. § 506 as value of property is less than prior indebtedness. Claim to be paid as an Allowed General Unsecured Claim. |
| Class 7: Dahill Donofrio | Yes | Mortgage to be stripped off pursuant to 11 U.S.C. § 506 as value of property is less than prior indebtedness. Claim to be paid as an Allowed General Unsecured Claim. |
| Class 8: Dominique Worth | Yes | Mortgage to be stripped off pursuant to 11 U.S.C. § 506 as value of property is less than prior indebtedness. Claim to be paid as an Allowed General Unsecured Claim. |
| Class 9: State of Connecticut | Yes | State tax lien will be stripped off pursuant to 11 U.S.C. § 506 as value of property is less than prior indebtedness. The Debtor has no personal liability for said tax debt. |
| Class 10: City of Bridgeport | Yes | Municipal personal property tax lien will be paid within 5 years of the Petition Date in regular monthly installments of principal and interest. |
| Class 11: United States of America | Yes | Federal tax lien (against personal property) will be bifurcated into a secured and unsecured portion pursuant to 11 U.S.C. § 506 as value of property is less than prior indebtedness. Payment of Allowed Secured Claim over 5 years, with monthly payments of principal and interest at statutory rate. Payment of Allowed General Unsecured Claim portion pursuant to Class 13. <i>This claim is disputed.</i> |
| Class 12: State of Connecticut, Dept. of Labor | No | State tax lien (against personal property) to be paid in full on the Effective Date. Claim amount is <i>de minimis</i> . |
| Class 13: General Unsecured Claims | Yes | Holders of Allowed General Unsecured Claims to be paid 5% of their Allowed Claim over 60 months with interest paid at the Prime Rate (as of the Effective Date) plus 3%. |
| Class 14: Interests | Yes | Interest Holders will retain their equity interest in the reorganized Debtor. |

B. Unclassified Claims

2.1 Administrative Claims. Except as otherwise set forth in this Plan, each holder of an Allowed Administrative Claim shall be paid in Available Cash in full with interest at the Applicable Rate on the Distribute Date. The aggregate amount of any Contested Administrative Claims as of the Distribution Date shall be set aside by the Debtor in the Contested

Administrative Claim Reserve, subject to estimation by the Debtor. Contested Administrative Claims that are thereafter Allowed shall be paid from the Contested Administrative Claim Reserve. The Debtor does not believe there are any Section 503(b)(9)-type claims.

2.2 Priority Claims. Except as otherwise set forth in this Plan, each holder of an Allowed Priority Claim shall be paid in Available Cash in full with interest at the Applicable Rate on the Effective Date. Priority Tax Claims, if not paid on Effective Date of the Plan, will be paid in full within 5 years of the Petition Date with interest at the relevant statutory rate in effect on the Effective Date of the Plan.

C. Classification of Claims

All Claims against and Equity Interests in the Debtor of whatever nature, whether or not Scheduled, liquidated or unliquidated, absolute or contingent, disputed or undisputed, including all Claims arising from the rejection of executory contracts, shall be subject to the provisions of this Plan. Pursuant to section 1123(a)(1) of the Bankruptcy Code, Administrative Claims are treated in Article II of the Plan. This case was not commenced upon the filing of an involuntary petition and therefore there are no Claims of the type provided for in section 502(f) of the Bankruptcy Code. All Claims other than Administrative Claims and Priority Tax Claims are classified below.

3.1 **Class 1 – Allowed Secured Claim of IP Media Products, LLC:** Class 1 consists of the allowed secured claim of IP Media Products, LLC, as set forth in a certain Open-End Mortgage Deed and Security Agreement from Hawley Enterprises Inc. to Dade Realty Company I. LLC in the principal amount of \$500,000.00, dated and recorded September 25, 2006 in Volume 2933, Page 288, as assigned to IP Media Products, L.L.C. via instrument dated August 26, 2014 and recorded September 23, 2014 in Volume 3817, Page 260, all of the Stratford Land Records.

3.1.1: Amount of Claim: Approximately \$1,701,581.54.

3.1.2: Impairment/Voting: Class 1 is impaired and entitled to vote.

3.2 **Class 2 – Secured Claim of FNMA:** Class 2 consists of the secured claim of FNMA as set forth in a certain Mortgage from Faye Kish to MERS, as nominee for GreenPoint Mortgage Funding, Inc. in the principal amount of \$405,000.00, dated August 14, 2007 and recorded August 15, 2007 in Volume 3091, Page 326, as assigned to BAC Home Loans Servicing, L.P. via instrument dated September 18, 2009 and recorded September 23, 2009 in Volume 3321, Page 42, and as further assigned to Federal National Mortgage Association via instrument dated September 4, 2012 and recorded September 17, 2012 in Volume 3613, Page 243, all of the Stratford Land Records.

3.2.1: Amount of Claim: Approximately \$518,192.19

3.2.2: Impairment/Voting: Class 2 is impaired and entitled to vote.

3.3 **Class 3 – Secured Claim of Regensberger Enterprises, Inc.:** Class 3 consists of the secured claim of Regensberger Enterprises, Inc. as set forth in a certain Mortgage from Oronoque 15 LLC to Regensburger Enterprises Inc. in the principal amount of \$5,000.00, dated February 1, 2009 and recorded October 30, 2009 in Volume 3331, Page 70 of the Stratford Land Records.

3.3.1: Amount of Claim: \$5000

3.3.2: Impairment/Voting: Class 3 is impaired and entitled to vote.

3.4 **Class 4 – Secured Claim Gus Curcio, Jr.:** Class 4 consists of the secured claim of Gus Curcio, Jr. as set forth Mortgage from Oronoque 15 LLC to Gus Curcio, Jr. in the principal amount of \$1,000.00, dated June 6, 2010 and recorded November 22, 2010 in Volume 3429, Page 150 of the Stratford Land Records.

3.4.1: Amount of Claim: \$1000.

3.4.2: Impairment/Voting: Class 4 is impaired and entitled to vote.

3.5 **Class 5 – Secured Claim of Joseph Regensberger:** Class 5 consists of the secured claim of Joseph Regensberger as set forth in a certain Mortgage from Oronoque 15 LLC to Joseph Regensburger in the principal amount of \$5,000.00, dated June 29, 2010 and recorded January 19, 2011 in Volume 3449, Page 242 of the Stratford Land Records.

3.5.1: Amount of Claim: \$5000.

3.5.2: Impairment/Voting: Class 5 is impaired and entitled to vote.

3.6 **Class 6 – Secured Claim of Richard Urban:** Class 6 consists of secured claim of Richard Urban as set forth in a certain Mortgage from Oronoque 15 LLC to Richard Urban in the principal amount of \$1,200.00, dated September 1, 2010 and recorded April 13, 2011 in Volume 3469, Page 322 of the Stratford Land Records.

3.6.1: Amount of Claim: \$1200.

3.6.2: Impairment/Voting: Class 6 is impaired and entitled to vote.

3.7 **Class 7 – Secured Claim of Dahill Donofrio:** Class 7 consists of the secured claim of Dahill Donofrio as set forth in a certain Mortgage from Oronoque 15 LLC to Dahill Donofrio in the principal amount of \$2,000.00, dated July 6, 2010 and recorded April 13, 2011 in Volume 3469, Page 341 of the Stratford Land Records.

3.7.1: Amount of Claim: \$1200.

3.7.2: Impairment/Voting: Class 7 is impaired and entitled to vote.

3.8 **Class 8 – Secured Claim of Dominique Worth:** Class 8 consists of the secured claim of Dominique Worth as set forth in a certain Mortgage from Oronoque 15 LLC to Dominique Worth in the principal amount of \$500.00, dated September 2010 and recorded April 21, 2011 in Volume 3472, Page 124 of the Stratford Land Records.

3.8.1: Amount of Claim: \$500.

3.8.2: Impairment/Voting: Class 8 is impaired and entitled to vote.

3.9 **Class 9 – Secured Claim of State of Connecticut:** Class 9 consists of the secured claim of the State of Connecticut as set forth in a certain Tax Lien against Unique Way, Inc. in the principal amount of \$1,080.00, dated March 19, 2014 and recorded March 24, 2014 in Volume 3774, Page 173 of the Stratford Land Records.

3.9.1: Amount of Claim: \$1080.

3.9.2: Impairment/Voting: Class 9 is impaired and entitled to vote.

3.9.3: This claim is disputed.

3.10 **Class 10 – Secured Claim (UCC) of the City of Bridgeport:** Class 10 consists of the secured claim of the City of Bridgeport as set forth in a certain UCC financing statement filed with the Connecticut Secretary of the State dated November 1, 2006.

3.10.1: Amount of Claim: Unknown.

3.10.2: Impairment/Voting: Class 10 is impaired and entitled to vote.

3.10.3: This claim is disputed.

3.11 **Class 11 –Claim (UCC) of the United States of America:** Class 11 consists of the secured claim of the Unites States of America as set forth in a certain UCC financing statement filed with the Connecticut Secretary of the State dated November 19, 2009.

3.11.1: Amount of Claim: \$6509.71

3.11.2: Impairment/Voting: Class 11 is impaired and entitled to vote.

3.11.3: This claim is disputed.

3.12 **Class 12 – Secured Claim (UCC) of the State of Connecticut:** Class 12 consists of the secured claim of the State of Connecticut as set forth in a certain UCC financing statement filed with the Connecticut Secretary of the State dated November 19, 2010.

3.12.1: Amount of Claim: \$504.98.

3.12.2: Impairment/Voting: Class 12 is impaired and entitled to vote.

3.13. **Class 13 – General Unsecured Claims.** Class 13 consists of all Allowed Unsecured Claims.

3.13.1: Amount of Claim: Approximately \$130,187 not including Deficiency Claims.

3.13.2: Impairment/Voting: Class 13 is impaired and entitled to vote.

3.14 **Class 14 – Equity Interests.** Class 14 consists of all Allowed Equity Interests.

3.14.1: Amount of Claim: To be determined/unknown.

3.14.2: Impairment/Voting: Class 14 is impaired and entitled to vote.

IV. VOTING AND PROCEDURE

A. Voting and Acceptance of the Plan.

The Bankruptcy Court has scheduled a hearing to be held on _____ to confirm the Plan.

B. Confirmation of the Plan.

In order to confirm the Plan, the Bankruptcy Code requires that the Bankruptcy Court make a series of determinations concerning the Plan, including that (a) the Plan has classified Claims and Interests in a permissible manner; (b) the Plan complies with the technical requirements of Chapter 11 of the Bankruptcy Code; (c) the Debtor proposed the Plan in good faith; and (d) the Debtor's disclosures as required by Chapter 11 of the Bankruptcy Code have been adequate and have included information concerning all payments made or promised in connection with the Plan. The Debtor believes that all of these conditions will have been met by the date set for the Confirmation Hearing and will seek rulings from the Bankruptcy Court to such effect at the Confirmation Hearing.

The following summarizes some, but not all, of the pertinent requirements of section 1129 of the Bankruptcy Code:

Classification of Claims and Interests. The Bankruptcy Code requires that a Chapter 11 plan place each creditor's claim and each interest holder's interest in a class with other claims and interests that are "substantially similar."

Acceptance by Impaired Class. Each Class of Allowed Claims and each Class of Interests must either vote to accept the Plan or be deemed to accept the Plan on the Ballot provided. Ballots must be returned by _____.

A class of claims has accepted a plan if such plan has been accepted by creditors that hold at least two-thirds (2/3rd) in amount and more than one-half (1/2) in number of the allowed claims of such class held by creditors. A class of interests has accepted the Plan if at least two-thirds (2/3rds) in amount of the allowed interests of such class held by holders of such interests, accepts the Plan.

Feasibility. The Bankruptcy Court is required to find that the Plan is likely to be implemented and that parties required to perform or pay monies under the Plan will be able to do so.

“Best Interest” Test. The Bankruptcy Court must find that the Plan is in the “best interest” of all Creditors. To satisfy this requirement, the Bankruptcy Court must determine that each holder of an Allowed Claim against, or Interest in, the Debtor: (i) has accepted the Plan; or (ii) will receive or retain under the Plan money or other property which, as of the Effective Date, has a value not less than the amount such holder would receive if the Debtor’s property was liquidated under Chapter 7 of the Bankruptcy Code on such date.

Procedure. To confirm the Plan, the Bankruptcy Court must hold a hearing to determine whether the Plan meets the requirements of section 1129 of the Bankruptcy Code (the “Confirmation Hearing”). The Confirmation Hearing is currently scheduled for _____.

Objection to Confirmation. Any party-in-interest may object to the Confirmation of the Plan and appear at the Confirmation Hearing to pursue such objection. The Bankruptcy Court has set _____ as the deadline for filing and serving upon the Debtor and Debtor’s counsel objections to Confirmation of the Plan.

V. TREATMENT OF CLAIMS AND INTERESTS

All Allowed Claims and Interests shall receive the following treatment under the Plan:

5.1 Administrative Claims: Allowed Administrative Claims shall be paid in full on the Effective Date of the Plan, unless (a) the Claim Holder accepts different treatment, (b) the Bankruptcy Code provides for different treatment, or (c) the Court determines otherwise. To the extent that an objection is raised to an Administrative Claim, the Debtor shall reserve and hold in escrow the full amount of the Administrative Claim until the Court determines the validity, nature and extent of the Allowed portion of any Administrative Claims.

5.1.1 Section 503(b)(9) Claims: None.

5.2 U.S. Trustee Payments: In accordance with § 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; or as the Court may so determine. The Debtor will continue to file monthly operating reports until conversion or entry of a final decree.

5.3 Priority Claims: Allowed Priority Claims shall be paid in full on the Effective Date of the Plan, unless (a) the Claim Holder accepts different treatment, (b) the Bankruptcy Code provides for different treatment (i.e. priority tax claims, see below Art. 4.3.1), or (c) the Court determines otherwise. To the extent that an objection is raised to a Priority Claim, the Debtor shall reserve and hold in escrow the full amount of the Priority Claim until the Court determines the validity, nature and extent of the Allowed portion of any Priority Claims.

5.3.1 Priority Tax Claims: Priority Tax Claims, if not paid on Effective Date of the Plan, will be paid in full within 5 years of the Petition Date with interest at the relevant statutory rate in effect on the Effective Date of the Plan. Any priority tax claim of the CT-DRS will be paid at the rate set forth in Conn. Gen. Stat. § 12-408. Payments of Priority Tax Claims shall be in equal monthly payments commencing on the 28th calendar day of the month following the Effective Date. The Debtor has appealed the proposed sales tax assessment by the CT-DRS and said appeal is pending with the CT-DRS Appeals Division.

5.4 **Class 1 – Allowed Secured Claim of IP Media Products, LLC:**

5.4.1 Treatment of Secured Portion of Claim: IP Media Product, LLC entered into a subordination agreement with FNMA, as set forth below, the Debtor will request, pursuant to 11 U.S.C. § 506(b) that the Court determine the nature, validity and extent of IP Media Product, LLC's secured interest in the Property. To the extent that IP Media Products, LLC's lien is not "stripped off," in full satisfaction and discharge of its Allowed Secured Claim, as determined by the Court, IP Media Product, LLC shall receive payment in the amount determined by the Court, with interest in the amount of the contract rate of interest as set forth in the note and mortgage, in equal monthly payments commencing on the 28th calendar day of the month following the Effective Date, on a thirty year amortization schedule with a final payment of the balance due on the 28th day of the month that is 60 months after the Effective Date.

5.4.2. Treatment of Unsecured Portion of Class 1 Claim: To the extent that the Court determines that any and/or all of IP Media Product, LLC's 1 Claim is unsecured, said portion shall be treated as a Class 13 General Unsecured Claim.

5.4.3 Section 1111(b) Election: To the extent that Class 1 elects treatment under 11 U.S.C. § 1111(b)(2)(A)(iii) ("Section 1111(b) Treatment"), said claim shall be paid as follows: In full satisfaction and discharge of its Class 1 Claim, IP Media Product, LLC shall receive (a) monthly payment of interest-only in the amount of the contract rate of interest as set forth in the note and mortgage with payments commencing on the 28th calendar day following the Effective Date and (b) payment of all remaining amounts on the date that is the 28th day of the month that is 240 months after the Effective Date.

5.4.4. Retention of Lien Until Payment of Claim: Until the Allowed Class 1 Claim is paid in full, pursuant to either Article 5.4.1 or 5.4.3, the Claim Holder shall retain its liens.

5.4.5. Modification of Terms of Credit Documents; Deceleration: Except as provided in this Plan, the credit documents concerning the IP Media Product, LLC shall remain

in place, provided, however, that so long as the Debtor maintains its Plan payments, technical default provisions, or other claims of default that occurred prior to the Petition Date shall be decelerated and of no force and/or effect. On the Effective Date, IP Media Product, LLC shall dismiss, without prejudice, any foreclosure claim pending against the Debtor.

5.5 Class 2 – Secured Claim of FNMA:

5.5.1. Treatment of Secured Portion of Claim; Settlement of Adversary Proceeding:
The Debtor has requested, pursuant to 11 U.S.C. § 506(b) and as set forth in the Adversary Proceeding, that the Court determine the nature, validity and extent of FNMA's secured interest in the Property. In full satisfaction and discharge of its Allowed Secured Claim, and in full resolution of the Adversary Proceeding, the Debtor and FNMA have agreed that the value of the Property is \$277,000. The Debtor and FNMA further agree that the value of FNMA's Allowed Secured Claim shall be \$277,000. The Debtor shall pay FNMA the sum of \$277,000 in 360 equal monthly installments of principal and interest commencing on the 28th day of the first full calendar month following the Effective Date (the "FNMA Monthly Payment"). The interest rate shall be 5.25%. The FNMA Monthly Payment shall be: \$1,529.60. Upon confirmation, the underlying loan shall be non-escrowing and the Debtor shall become responsible for payment of all taxes that become due and shall further maintain timely hazard insurance on the property. Failure to maintain taxes and insurance shall constitute a default under the terms of this Plan.

5.5.1.1 The Debtor shall reimburse FNMA in the amount of \$27,284.34 (the "Post-Petition Arrearage") by paying said amount commencing on the 28th day of the first full calendar month following the Effective Date, with no interest, over a 12 month term. The monthly payments of Post-Petition Arrearage shall be \$2,273.70. In the event additional taxes and insurance have been advanced up to the date of confirmation, they will be added and paid in accordance with these provisions.

5.5.1.2 Upon confirmation, the automatic stay under § 362 shall no longer be applicable so that FNMA, its successors and assigns, can enforce its default rights pursuant to the underlying note and mortgage without further order of this court.

5.5.1.3 The unsecured portion of FNMA's Allowed Claim (i.e. the amount that FNMA's Allowed Claim exceed \$277,000) will be treated as an Allowed Unsecured Claim and paid in accordance with the creditors in Class 13.

5.5.2 In consideration for the agreements set forth above, FNMA will support and cast an approval ballot for the Plan.

5.5.3 In consideration for the agreements set forth above, the Debtor releases any and all claims it has, or may have, against FNMA as of the date of Effective Date and related to the Property and loan(s). Upon payment of FNMA's Allowed Secured Claim of \$277,000, as set forth above (together with applicable interest) and the Post-Petition Arrearage, FNMA, and/or its successors or assigns, will discharge and release all liens, mortgages and other security interests in and/or against the Property. Upon full payment of FNMA's Allowed Secured Claim of \$277,000 (together with applicable interest) and the Post-Petition Arrearage, FNMA releases any

and all claims, excepting only its Class 13 Unsecured Claim, against the Debtor as of Effective Date and related to the Property and loan(s).

5.5.3.1 The Debtor and FNMA shall bear their own cost and attorneys' fees up to and including the Confirmation Date of the Plan. Should the Debtor or FNMA default upon any of the terms and conditions of section 5.5 of the Plan, the prevailing party in any litigation or enforcement action based on section 5.5 of the Plan (including arbitration, appeals related to such litigation or any enforcement action) through the appellate level shall be entitled to recovery of reasonable attorneys' fees and costs in accordance with Connecticut Law.

5.5.4. Treatment of Unsecured Portion of Class 2 Claim: Any portion of FNMA's Class 2 Claim that is unsecured, shall be treated as a Class 13 General Unsecured Claim.

5.5.5. Modification of Terms of Credit Documents; Deceleration: Except as provided in this Plan, the credit documents concerning the FNMA Loan shall remain in place, provided, however, that so long as the Debtor maintains its Plan payments, technical default provisions, or other claims of default that occurred prior to the Petition Date shall be decelerated and of no force and/or effect. ~~On the Effective Date, FNMA shall dismiss, without prejudice, any foreclosure claim pending against the Debtor or other obligors with respect to the FNMA Loan.~~

5.5.6 Section 1111(b) Election: FNMA waives its right to make a § 1111(b) election.

5.5.7 The Debtor and FNMA shall file such other documents, if necessary to fully document and consummate their agreements, as set forth above. Said documents shall be filed and served no later than ten (10) days prior to the date set by the Court for the return of ballots.

5.6 **Class 3 – Secured Claim of Regensberger Enterprises, Inc.:**

5.6.1. Treatment of Secured Portion of Claim: The Debtor has requested, pursuant to 11 U.S.C. § 506(b) and as set forth in the Adversary Proceeding, that the Court determine the nature, validity and extent of this Class' secured interest in the Property. To the extent that Regensberger Enterprises, Inc.'s lien is not "stripped off," in full satisfaction and discharge of its Allowed Secured Claim, as determined by the Court, this Class shall receive payment in the amount determined by the Court, with interest in the amount of the contract rate of interest as set forth in the note and mortgage, in equal monthly payments commencing on the 28th calendar day of the calendar following the Effective Date, on a thirty year amortization schedule with a final payment of the balance due on the 28th day of the month that is 60 months after the Effective Date.

5.6.2. Treatment of Unsecured Portion of Allowed Claim: To the extent that the Court determines that any and/or all of this creditor's claim is unsecured, said portion shall be treated as a Class 13 General Unsecured Claim.

5.6.3. Retention of Lien Until Payment of Claim: Until the Allowed Claim is paid in full, pursuant to either Article 5.6.1, the Claim Holder shall retain its liens.

5.6.4. Modification of Terms of Credit Documents; Deceleration: Except as provided in this Plan, the credit documents concerning this creditor's claim shall remain in place, provided, however, that so long as the Debtor maintains its Plan payments, technical default provisions, or other claims of default that occurred prior to the Petition Date shall be decelerated and of no force and/or effect. On the Effective Date, the creditor shall dismiss, without prejudice, any foreclosure claim pending against the Debtor.

5.7 Class 4 – Secured Claim Gus Curcio, Jr.:

5.7.1. Treatment of Secured Portion of Claim: The Debtor has requested, pursuant to 11 U.S.C. § 506(b) and as set forth in the Adversary Proceeding, that the Court determine the nature, validity and extent of this Class' secured interest in the Property. To the extent that Gus Curcio, Jr.'s lien is not "stripped off," in full satisfaction and discharge of its Allowed Secured Claim, as determined by the Court, this Class shall receive payment in the amount determined by the Court, with interest in the amount of the contract rate of interest as set forth in the note and mortgage, in equal monthly payments commencing on the 28th calendar day of the calendar following the Effective Date, on a thirty year amortization schedule with a final payment of the balance due on the 28th day of the month that is 60 months after the Effective Date.

5.7.2. Treatment of Unsecured Portion of Allowed Claim: To the extent that the Court determines that any and/or all of this creditor's claim is unsecured, said portion shall be treated as a Class 13 General Unsecured Claim.

5.7.3. Retention of Lien Until Payment of Claim: Until the Allowed Claim is paid in full, pursuant to either Article 5.7.1, the Claim Holder shall retain its liens.

5.7.4. Modification of Terms of Credit Documents; Deceleration: Except as provided in this Plan, the credit documents concerning this creditor's claim shall remain in place, provided, however, that so long as the Debtor maintains its Plan payments, technical default provisions, or other claims of default that occurred prior to the Petition Date shall be decelerated and of no force and/or effect. On the Effective Date, the creditor shall dismiss, without prejudice, any foreclosure claim pending against the Debtor.

5.8 Class 5 – Secured Claim of Joseph Regensberger:

5.8.1. Treatment of Secured Portion of Claim: The Debtor has requested, pursuant to 11 U.S.C. § 506(b) and as set forth in the Adversary Proceeding, that the Court determine the nature, validity and extent of this Class' secured interest in the Property. To the extent that Joseph Regensberger's lien is not "stripped off," in full satisfaction and discharge of its Allowed Secured Claim, as determined by the Court, this Class shall receive payment in the amount determined by the Court, with interest in the amount of the contract rate of interest as set forth in the note and mortgage, in equal monthly payments commencing on the 28th calendar day of the calendar following the Effective Date, on a thirty year amortization schedule with a final payment of the balance due on the 28th day of the month that is 60 months after the Effective Date.

5.8.2. Treatment of Unsecured Portion of Allowed Claim: To the extent that the Court determines that any and/or all of this creditor's claim is unsecured, said portion shall be treated as a Class 13 General Unsecured Claim.

5.8.3. Retention of Lien Until Payment of Claim: Until the Allowed Claim is paid in full, pursuant to either Article 5.8.1, the Claim Holder shall retain its liens.

5.8.4. Modification of Terms of Credit Documents; Deceleration: Except as provided in this Plan, the credit documents concerning this creditor's claim shall remain in place, provided, however, that so long as the Debtor maintains its Plan payments, technical default provisions, or other claims of default that occurred prior to the Petition Date shall be decelerated and of no force and/or effect. On the Effective Date, the creditor shall dismiss, without prejudice, any foreclosure claim pending against the Debtor.

5.9 Class 6 – Secured Claim of Richard Urban:

5.9.1. Treatment of Secured Portion of Claim: The Debtor has requested, pursuant to 11 U.S.C. § 506(b) and as set forth in the Adversary Proceeding, that the Court determine the nature, validity and extent of this Class' secured interest in the Property. To the extent that Richard Urban's lien is not "stripped off," in full satisfaction and discharge of its Allowed Secured Claim, as determined by the Court, this Class shall receive payment in the amount determined by the Court, with interest in the amount of the contract rate of interest as set forth in the note and mortgage, in equal monthly payments commencing on the 28th calendar day of the calendar following the Effective Date, on a thirty year amortization schedule with a final payment of the balance due on the 28th day of the month that is 60 months after the Effective Date.

5.9.2. Treatment of Unsecured Portion of Allowed Claim: To the extent that the Court determines that any and/or all of this creditor's claim is unsecured, said portion shall be treated as a Class 13 General Unsecured Claim.

5.9.3. Retention of Lien Until Payment of Claim: Until the Allowed Claim is paid in full, pursuant to either Article 5.9.1, the Claim Holder shall retain its liens.

5.9.4. Modification of Terms of Credit Documents; Deceleration: Except as provided in this Plan, the credit documents concerning this creditor's claim shall remain in place, provided, however, that so long as the Debtor maintains its Plan payments, technical default provisions, or other claims of default that occurred prior to the Petition Date shall be decelerated and of no force and/or effect. On the Effective Date, the creditor shall dismiss, without prejudice, any foreclosure claim pending against the Debtor.

5.10 Class 7 – Secured Claim of Dahill Donofrio:

5.10.1. Treatment of Secured Portion of Claim: The Debtor has requested, pursuant to 11 U.S.C. § 506(b) and as set forth in the Adversary Proceeding, that the Court determine the nature, validity and extent of this Class' secured interest in the Property. To the extent that Dahill Donofrio's lien is not "stripped off," in full satisfaction and discharge of its

Allowed Secured Claim, as determined by the Court, this Class shall receive payment in the amount determined by the Court, with interest in the amount of the contract rate of interest as set forth in the note and mortgage, in equal monthly payments commencing on the 28th calendar day of the calendar following the Effective Date, on a thirty year amortization schedule with a final payment of the balance due on the 28th day of the month that is 60 months after the Effective Date.

5.10.2. Treatment of Unsecured Portion of Allowed Claim: To the extent that the Court determines that any and/or all of this creditor's claim is unsecured, said portion shall be treated as a Class 13 General Unsecured Claim.

5.10.3. Retention of Lien Until Payment of Claim: Until the Allowed Claim is paid in full, pursuant to either Article 5.10.1, the Claim Holder shall retain its liens.

5.10.4. Modification of Terms of Credit Documents; Deceleration: Except as provided in this Plan, the credit documents concerning this creditor's claim shall remain in place, provided, however, that so long as the Debtor maintains its Plan payments, technical default provisions, or other claims of default that occurred prior to the Petition Date shall be decelerated and of no force and/or effect. On the Effective Date, the creditor shall dismiss, without prejudice, any foreclosure claim pending against the Debtor.

5.11 **Class 8 – Secured Claim of Dominique Worth:**

5.11.1. Treatment of Secured Portion of Claim: The Debtor has requested, pursuant to 11 U.S.C. § 506(b) and as set forth in the Adversary Proceeding, that the Court determine the nature, validity and extent of this Class' secured interest in the Property. To the extent that Dominique Worth's lien is not "stripped off," in full satisfaction and discharge of its Allowed Secured Claim, as determined by the Court, this Class shall receive payment in the amount determined by the Court, with interest in the amount of the contract rate of interest as set forth in the note and mortgage, in equal monthly payments commencing on the 28th calendar day of the calendar following the Effective Date, on a thirty year amortization schedule with a final payment of the balance due on the 28th day of the month that is 60 months after the Effective Date.

5.11.2. Treatment of Unsecured Portion of Allowed Claim: To the extent that the Court determines that any and/or all of this creditor's claim is unsecured, said portion shall be treated as a Class 13 General Unsecured Claim.

5.11.3. Retention of Lien Until Payment of Claim: Until the Allowed Claim is paid in full, pursuant to either Article 5.11.1, the Claim Holder shall retain its liens.

5.11.4. Modification of Terms of Credit Documents; Deceleration: Except as provided in this Plan, the credit documents concerning this creditor's claim shall remain in place, provided, however, that so long as the Debtor maintains its Plan payments, technical default provisions, or other claims of default that occurred prior to the Petition Date shall be decelerated and of no force and/or effect. On the Effective Date, the creditor shall dismiss, without prejudice, any foreclosure claim pending against the Debtor.

5.12 Class 9 – Secured Claim of State of Connecticut:

5.12.1 Treatment of Secured Portion of Claim: The Debtor has requested, pursuant to 11 U.S.C. § 506(b) and as set forth in the Adversary Proceeding, that the Court determine the nature, validity and extent of this Class' secured interest in the Property. To the extent that State of Connecticut's lien is not "stripped off," in full satisfaction and discharge of its Allowed Secured Claim, as determined by the Court, this Class shall receive payment in the amount determined by the Court, with interest in the amount of the contract rate of interest as set forth in the note and mortgage, in equal monthly payments commencing on the 28th calendar day of the calendar following the Effective Date, on a thirty year amortization schedule with a final payment of the balance due on the 28th day of the month that is 60 months after the Effective Date.

5.12.2. Treatment of Unsecured Portion of Class 9 Claim: To the extent that the Court determines that any and/or all of State of Connecticut 1 Claim is unsecured, said portion shall be treated as a Class 13 General Unsecured Claim.

5.12.3. Retention of Lien Until Payment of Claim: Until the State of Connecticut's Allowed Secured Claim is paid in full, pursuant to either Article 5.12.1 the Claim Holder shall retain its liens.

5.12.4. Claim Dispute: This Claim is disputed.

5.13 Class 10 – Secured Claim (UCC) of the City of Bridgeport:

5.13.1 Treatment of Secured Portion of Claim: The Debtor has requested, pursuant to 11 U.S.C. § 506(b) and as set forth in the Adversary Proceeding, that the Court determine the nature, validity and extent of this Class' secured interest in the Property. To the extent that the City of Bridgeport's lien is not "stripped off," in full satisfaction and discharge of its Allowed Secured Claim, as determined by the Court, this Class shall receive payment in the amount determined by the Court, with interest in the amount of the contract rate of interest as set forth in the note and mortgage, in equal monthly payments commencing on the 28th calendar day of the calendar following the Effective Date, on a thirty year amortization schedule with a final payment of the balance due on the 28th day of the month that is 60 months after the Effective Date.

5.13.2. Treatment of Unsecured Portion of Class 10 Claim: To the extent that the Court determines that any and/or all of City of Bridgeport's Claim is unsecured, said portion shall be treated as a Class 13 General Unsecured Claim.

5.13.3. Retention of Lien Until Payment of Claim: Until the City of Bridgeport's Allowed Secured Claim is paid in full, pursuant to either Article 5.13.1 the Claim Holder shall retain its liens.

5.13.4. Claim Dispute: This Claim is disputed.

5.14 Class 11 – Secured Claim (UCC) of the United States of America:

5.14.1 Treatment of Secured Portion of Claim: The Debtor has requested, pursuant to 11 U.S.C. § 506(b) and as set forth in the Adversary Proceeding, that the Court determine the nature, validity and extent of this Class' secured interest in the Property. To the extent that the United States of America's lien is not "stripped off," in full satisfaction and discharge of its Allowed Secured Claim, as determined by the Court, this Class shall receive payment in the amount determined by the Court, with interest in the amount of the contract rate of interest as set forth in the note and mortgage, in equal monthly payments commencing on the 28th calendar day of the calendar following the Effective Date, on a thirty year amortization schedule with a final payment of the balance due on the 28th day of the month that is 60 months after the Effective Date.

5.14.2. Treatment of Unsecured Portion of Class 10 Claim: To the extent that the Court determines that any and/or all of United States of America's Claim is unsecured, said portion shall be treated as a Class 13 General Unsecured Claim.

5.14.3. Retention of Lien Until Payment of Claim: Until the United States of America's Allowed Secured Claim is paid in full, pursuant to either Article 5.14.1 the Claim Holder shall retain its liens.

5.14.4. Claim Dispute: This Claim is disputed.

5.15 **Class 12 – Secured Claim (UCC) of the State of Connecticut, Department of Labor (“CT-DOL”).** The claims of Class 12 (related to certain tax liens) shall be paid in full on the Effective Date.

5.16. **Class 13 – General Unsecured Claims.** Class 13 (General Unsecured Claims) will be paid five (5%) percent of the amount of the Claim Holder's Allowed Unsecured Claim, without interest, in equal monthly installment over the sixty (60) months following the Effective Date of the Plan, with payments commencing on the 28th day of the first full calendar month following Effective Date. The Debtor shall retain the right payoff the amount due to any Class 13 Claim Holder at any time.

5.17 **Class 14 – Equity Interests.** Each Member holding an Allowed Equity Interest shall receive and retain their Equity Interest in the reorganized debtor.

VI. IMPLEMENTATION OF THE PLAN.

6.1 Means for Funding the Plan; Request for Determination of Secured Status. The Debtor has and/or will seek a determination from the Court as to the secured status of liens filed against 170 Oronoque. The Debtor believes, on account of such determinations, the lien of FNMA will be reduced and the liens of subordinate creditors will be removed, drastically improving cash flow. The Debtor will use cash on hand, the collection of accounts receivable, future revenue, borrowings and/or equity contributions to satisfy its obligations under the Plan. Specifically, the Debtor will also continue to pursue its plan of development with respect to 170 Oronoque and/or seek to sell the property to a developer. Debtor will also collect debts due from affiliates (Yellow Rose, Inc., which owes the Debtor approximately \$65,000, and GC, Inc., which owes the Debtor approximately \$10,000) to assist with funding the Plan. In this regard,

Yellow Rose, Inc. has agreed to commence payment of \$2,000 per month beginning September 1, 2016 toward the amount owed by it to the Debtor; GC, Inc. has agreed to pay the amount it owes on entry of a Confirmation Order. Further, the Debtor's equity holder will make cash contribution of \$15,000 to cover plan payments, operating losses or extraordinary costs incurred by the Debtor under the Plan on the Effective Date. Ms. Kish is a local business woman and will use income from outside sources to fund this payment.

Ms. Kish will continue to manage the Debtor.

Attached hereto is as Exhibit D cash flow projection.

6.2 Retention of Claims and Causes of Action and Reservation of Right to Object to Claims and Liens. The Debtor shall retain all of its pre-Confirmation Causes of Action against all Entities, including, but not limited to, the Retained Actions. The Debtor also reserves the right to review, and if it deems appropriate, contest, challenge or otherwise object to any Claim and/or Lien at any time including after the Confirmation Date.

6.3 Exclusivity Period. The Debtor will retain exclusive right to amend or modify the Plan in accordance with the terms hereof, and to solicit any amendment to or modification of the Plan, through and until the Effective Date.

6.4 Exemption From Certain Transfer Taxes and Recording Fees. Pursuant to section 1146(c) of the Bankruptcy Code, any transfers from the Debtor or to any other Person or Entity pursuant to the Plan will not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, or other similar tax or governmental assessment, and the Confirmation Order will direct the appropriate state, local, federal, or foreign government officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

6.5 Post-Confirmation Management of the Debtor: The post-confirmation Debtor shall be managed solely by its manager, Gus Curcio. Mr. Curcio will receive no compensation for his management of the post-confirmation Debtor.

6.6 Preferential And Fraudulent Transfer Analysis: A preference is a transfer made by the Debtor to or for the benefit of a Creditor on behalf of an antecedent debt made within ninety (90) days of the Petition Date or within one (1) year of the Petition Date if such transfer was made to an insider (as defined in section 101(31) of the Bankruptcy Code), made when the Debtor was insolvent and enabling such Creditor to receive more than the Creditor would receive in liquidation.

The Debtor believes that it holds a preference action against GC, Inc. GC, Inc., an affiliate of the Debtor, had a debt of \$10,000 forgiven within the one-year prior to the Petition Date. The Debtor expects that it will resolve its claim with GC, Inc. prior to a confirmation hearing with respect to this matter.

The Debtor does not believe that it has any claim for fraudulent transfers.

6.7 Cram Down: The Debtor reserves the right to seek confirmation of the Plan by way of 11 U.S.C. § 1129(b).

VII. TREATMENT OF EXECUTORY CONTRACTS

7.1 General Treatment. Except as otherwise expressly provided, all executory contracts shall be assumed upon entry of the Confirmation Order. The Debtor shall reject only those executory contracts, including those listed on Exhibit E.

7.2 Bar to Rejection Damages. If the rejection of an executory contract by the Debtor results in damages to the other party or parties to such contract, a Claim for such damages, if not previously evidenced by a filed proof of Claim or barred by a Final Order, shall be forever barred and shall not be enforceable against the Debtor, or its Property or agents, successors, or assigns, unless a proof of Claim relating thereto is filed with the Bankruptcy Court within thirty (30) days after the later of (i) the entry of a Final Order authorizing such rejection or (ii) the Confirmation Date, or within such shorter period as may be ordered by the Bankruptcy Court or as set forth herein.

VIII. PROVISIONS GOVERNING DISTRIBUTIONS

8.1 Payments. Except as otherwise provided in this Plan or ordered by the Bankruptcy Court, all payments and distributions required under the Plan to Creditors and Entities holding Equity Interests in all Classes will be made on the Distribution Date in accordance with the terms of the Plan.

8.2 Unclaimed Distributions.

8.2.1 Monies sent by checks issued by or on behalf of the Debtor and sent to holders of Allowed Claims or other parties in interest pursuant to this Plan which are not honored or negotiated within one-hundred twenty (120) days after issuance by the Debtor, shall be deemed unclaimed and any such funds shall be redistributed pro-rata. Upon the expiration of such 120-day period, the Debtor's obligation and liability to any holder of an Allowed Claim or other party in interest whose check from the Debtor is not negotiated during such period or returned as undeliverable, shall be deemed satisfied in full and the Debtor and its attorneys, financial advisors, investment bankers, agents, employees, members, directors, officers and Affiliates shall be forever released and discharged from any and all liability or obligation whatsoever to that Creditor or party in interest. For purposes of this section, a check shall be conclusively deemed appropriately delivered to a Creditor or party in interest if it is sent by first class, postage prepaid, mail or by Federal Express overnight delivery to the address of that Creditor or party in interest as set forth on the Schedules, the Proof of Claim register in the Chapter 11 Case, or the Debtor's books and records. Notwithstanding the foregoing, if a Creditor entitled to distribution under the Plan, provides written notice that a Payment was not

received within the 120-day period described above, the Debtor shall cancel the original payment check and reissue a new check.

8.2.2. Notwithstanding the foregoing, § 8.2.1 shall not apply to governmental creditors or FNMA.

8.2.3 After Distributions Become Undeliverable. Undeliverable Cash shall not be entitled to any interest, dividends or other accruals of any kind. In such cases, any Property held for distribution on account of such Claims shall be redistributed by the Debtor as Additional Recoveries per Article 9.3 of the Plan. The Debtor shall not be required to attempt to locate any holder of an Allowed Claim.

8.3 Disbursing Agent. The Debtor shall disburse and make all distributions under the Plan from the Distribution Account.

8.4 Liquidation Analysis. See attached Exhibit F.

IX. GENERAL PROVISIONS

9.1 Post-Confirmation Professional Fees. Professional fees and expenses incurred on or after the Confirmation Date shall not be subject to Bankruptcy Court approval and shall be paid by the Debtor in the ordinary course of business.

9.2 Additional Recoveries. If the Debtor obtains any additional recoveries as a result of any settlement or judgment of contingent litigation, or from any other source, then the proceeds of any recoveries shall be distributed in accordance with the terms of this Plan.

9.3 Post-Confirmation Actions. Nothing herein contained shall prevent the Debtor from taking such action as may be necessary to enforce any rights or prosecute any Cause of Action existing on its behalf, which may not have been heretofore enforced or prosecuted, and/or object to any Claim.

9.4 Governing Law. Unless an applicable rule of law or procedure is supplied by federal law (including the Bankruptcy Code and the Bankruptcy Rules) or Connecticut General Statutes, the internal laws of the State of Connecticut shall govern the construction and implementation of the Plan and any agreements, documents, and instruments executed in connection with the Plan, as well as any Causes of Action pending or to be brought in which the Debtor is a party.

9.5 Filing of Additional Documents. On or before the conclusion of the Confirmation Hearing, the Debtor shall file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

9.6 Severability. Should any provision in the Plan be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any other provisions of the Plan.

9.7 Notices. Any notice required or permitted to be provided to the Debtor shall be in writing and served by (a) certified mail, return receipt requested, (b) hand delivery, (c) overnight delivery service, (d) telecopier or facsimile, or (e) electronic mail, to be addressed as follows:

If to the Debtor:

Jack Dempsey's, Inc.
Post Office Box 524
Stratford, CT 06615
Attn: Julia Kish
Fax: (203) 579-7509
Email: RLE@bluerose1.com

With a copy to Debtor's counsel:

GREEN & SKLARZ LLC
700 State Street, Suite 100
New Haven, CT 06511
Telephone: 203-285-8545
Fax: 203-823-4546
Email: jsklarz@gs-lawfirm.com
Attn: Jeffrey M. Sklarz, Esq.

9.8 Payment of U.S. Trustee Fees. In accordance with § 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; or as the Court may so determine.

9.9 No Admission Against Error. Neither the filing of the Plan, the Disclosure Statement, nor any statement contained therein, shall be or be deemed an admission against interest by the Debtor. In the event the Plan is not consummated, neither the Plan, the Disclosure Statement nor any statement contained therein may be used or relied upon in any manner in any suit, action, proceeding or controversy within or outside the Bankruptcy Court involving the Debtor or its officers, directors, employees, members, attorneys, financial advisors, or investment bankers.

9.10 No Waiver. Nothing set forth in the Plan or Disclosure Statement shall be deemed a waiver or release of any claims, rights or Causes of Action against any Person other than the Debtor except as specifically set forth in the Plan.

9.11 Plan Modification. The Plan may be modified at any time after Confirmation and before its Substantial Consummation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as modified, under Section 1129 of the Bankruptcy Code. A holder of a Claim or Interest that has accepted or rejected the Plan shall be deemed to have accepted or rejected, as the case may be, such Plan as modified, unless, within the time fixed by the Bankruptcy Court, such holder changes its previous acceptance or rejection by a writing filed with the Bankruptcy Court and served in accordance with Article 9.7 of the Plan.

9.12 Setoff Against Claims. Except for governmental entities (i.e. the CT-DRS or IRS, etc.) the Debtor may set off against any Claim, and the payments made pursuant to the Plan in respect of such Claim, any claims or Causes of Action of any nature whatsoever that the Debtor may have against the holder of the Claim, but neither the failure to do so nor the allowance of such Claim shall constitute a waiver or release by the Debtor of any claims, rights, or Causes of Action against the holder of the Claim. Any payment in respect of a Disputed, unliquidated or contingent Claim shall be returned promptly to the Debtor in the event and to the extent such Claims are determined by the Bankruptcy Court not to be Allowed Claims. Confirmation of the Plan shall bar any right of setoff claimed by a Creditor unless such Creditor filed, prior to the Confirmation Date, a motion for relief from the automatic stay seeking the authority to effectuate such a setoff right.

9.13 Further Action. The Debtor is authorized to take any action necessary or appropriate to execute the provisions of the Plan.

9.14 Administrative Claims Bar Date. Any and all applications for the request for the final allowance of Administrative Claims incurred by professionals employed pursuant to sections 327 and 1103 of the Bankruptcy Code shall be filed with the Bankruptcy Court and served upon the Debtor and counsel to the Debtor and served in accordance with Article 9.7 of the Plan on the date set by the Court. Failure to file and serve timely such applications or requests shall result in the disallowance of such applications or requests and they shall be barred forever.

9.16 Compliance with All Applicable Laws. If notified by any governmental authority that it is in violation of any applicable law, rule, regulation, or order of such governmental authority relating to its business or Property, the Debtor shall comply with such law, rule, regulation, or order; *provided, however*, that nothing contained herein shall require such compliance by the Debtor if the legality or applicability of any such requirement is being contested in good faith by the Debtor.

X. RETENTION OF JURISDICTION

10.1 Continuing Jurisdiction. The Bankruptcy Court shall retain and have exclusive jurisdiction over the Chapter 11 Case for purposes (a) through (i) below, as well as for all other purposes set forth in the Plan:

- (a) To determine any and all objections to and proceedings involving the allowance, estimation, Classification, and subordination of Claims or Interests;
- (b) To determine any and all applications for allowances of compensation and reimbursement of expenses and any other fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code or the Plan;
- (c) To determine any application pending on the Effective Date for the rejection or assumption of executory contracts or for the assumption and assignment, as the case may be, of executory contracts to which the Debtor is a party or with respect to which the Debtor may be liable, and to hear and determine, and if need be, to liquidate, any and all Claims arising therefrom;
- (d) To determine any and all applications, adversary proceedings, and contested or litigated matters that may be pending in the Bankruptcy Court on the Effective Date;
- (e) To consider any modifications of the Plan, remedy any defect or omission or reconcile any inconsistency on any order of the Bankruptcy Court, including the Confirmation Order, to the extent authorized by the Bankruptcy Code;
- (f) To determine all controversies, suits, and disputes that may arise in connection with the interpretation, enforcement, or consummation of the Plan or obligations arising thereunder, including the Retained Actions and/or any other adversary proceeding, lawsuit or other claim that the Debtor may pursue, be it a pre-petition post-petition or other claim that the Debtor owns or had owned as of the Petition Date (i.e. avoidance actions of any variety);
- (g) To consider and act on the compromise and settlement of any Claim;
- (h) To issue such orders in aid of execution of the Plan to the extent authorized by section 1142 of the Bankruptcy Code; and
- (i) To determine such other matters as may be set forth in the Confirmation Order or which may arise in connection with the Plan or the Confirmation Order.

Nothing herein shall limit creditor's remedies that are exercisable after the Confirmation Date in accordance with applicable non-bankruptcy law, that are not otherwise prohibited by (i) the Plan as affecting specific rights of Creditors or (ii) the Bankruptcy Code.

10.2 Nothing in this Article X shall constitute a waiver by the Debtor of its right to pursue Causes of Action including, but not limited to, the Retained Actions, against any Person in any court of competent jurisdiction other than the Bankruptcy Court.

XI. DISCHARGE

11.1 Discharge and Retention of Property.

- (a) The Debtor shall receive a discharge on the Effective Date.
- (b) Upon the Effective Date, all Property shall re-vest in the Debtor.
- (c) Pursuant to Section 1141(c) of the Bankruptcy Code, on the Effective Date the Property dealt with by the Plan shall become free and clear of all Liens, Claims, encumbrances, and interests of Creditors, including the right of setoff (except as to governmental entities as provided in § 9.12), except as otherwise provided for in the Plan or the Confirmation Order.

XII. EFFECT OF THE PLAN ON CLAIMS AND INTERESTS

12.1 Compromises and Settlements. In accordance with the Plan, pursuant to Bankruptcy Rule 9019(a), without further order of the Bankruptcy Court, the Debtor may compromise and settle various (a) Claims against it and (b) Causes of Action that it may have against other Persons. The Debtor expressly reserves the right to compromise and settle Claims against it and claims and Causes of Action it may have against other Persons.

12.2 Exculpation and Limitation of Liability. Except as otherwise specifically provided in this Plan, the Debtor and its present and former members, officers, directors, employees, advisors, attorneys, representatives, financial advisors, investment bankers, or agents and any of their respective successors and assigns, shall not have or incur, and are hereby released from, any claim, obligation, Cause of Action, or liability to any Person (whether or not a party in interest to this Chapter 11 Case), for any act or omission sounding in ordinary negligence and concerning only the following: administration of the Chapter 11 Case, negotiation and filing of the Plan, the filing the Chapter 11 Case, the pursuit of Confirmation, and the administration of the Plan or the Property to be distributed under the Plan. Claims concerning gross negligence, willful misconduct, and/or criminal conduct and in all respects shall be preserved and not released. Nothing contained in this paragraph shall relieve third-parties of liability (a) to the IRS, DRS and/or DOL for unpaid taxes, to the extent there is personal liability for such taxes under applicable law, (b) for acts, conduct and/or omissions unrelated to the Chapter 11 case and/or (c) for acts, conduct and/or omissions that occur after the Effective Date.

XIII. CONDITIONS PRECEDENT

13.1 Conditions to Confirmation. The following are conditions precedent to Confirmation that may be satisfied or waived in accordance with Article 13.3 of the Plan:

- (a) The Bankruptcy Court shall have approved by Final Order the Disclosure Statement in form and substance acceptable to the Debtor; and
- (b) The Confirmation Order shall be in form and substance acceptable to the Debtor.

13.2 Conditions to Consummation. The Effective Date shall have occurred. The following are conditions precedent to the occurrence of the Effective Date, each of which may be satisfied or waived in accordance with Article 13.3 of the Plan:

- (a) The Confirmation Order shall have been entered;
- (b) The Confirmation Date shall have occurred;
- (c) All other actions (including, but not limited to, those actions described in Article VI of the Plan), documents, consents and agreements necessary to implement the Plan shall have been effected, obtained and/or executed; and
- (d) The Confirmation Order shall have become a final order not subject to appeal (or further appeal as the case may be).²

13.3 Waiver of Conditions to Confirmation or Consummation. The conditions set forth in Articles 13.1 and 13.2 of the Plan may be waived by the Debtor without any notice to other parties-in-interest or the Bankruptcy Court and without a hearing. The failure of the Debtor in its sole and absolute discretion to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right, which may be asserted at any time.

XIV. ALTERNATIVES TO THE PLAN

Based upon the information available and known by the Debtor, the Debtor has concluded that, should the Plan *not* be confirmed, it is unlikely that on Holders of claims other than Class 2 would receive Distributions. Accordingly, the Debtor believes that the Plan offers the best prospects of recovery for the holders of *all* Claims against and Interests in the Debtor.

XV FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

There should be no federal income tax consequences in connection with the distributions to Creditors under the Plan other than consequences normally attendant to payment of an obligation by a debtor to a creditor.

THE FOREGOING DESCRIPTION OF FEDERAL INCOME TAX CONSEQUENCES IS INTENDED MERELY AS AN AID FOR CREDITORS AND INTEREST HOLDERS AND NEITHER THE DEBTOR NOR ITS ATTORNEYS OR ITS FINANCIAL ADVISORS ASSUME ANY RESPONSIBILITY IN CONNECTION WITH THE INCOME TAX LIABILITY OF ANY CREDITOR OR HOLDER OF AN INTEREST. EACH HOLDER OF A

² The Effective Date is the first business day of the calendar month following the Confirmation Order becoming a final, non-appealable order. By way of example only, if the Confirmation Date is August 10th and no appeal is taken, the Effective Date will be the first business day of September. If the Confirmation Date is August 20th, the Effective Day will be the first business day of October.

CLAIM SHOULD CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE FOREIGN, FEDERAL, STATE, AND LOCAL TAX CONSEQUENCES OF THE PLAN.

XVI. RECOMMENDATION

It is the position of the Debtor that the Plan is substantially preferable to liquidation under Chapter 7 of the Bankruptcy Code. Conversion of the Chapter 11 Case to a Chapter 7 proceeding would result in: (i) delays in the distribution of proceeds available under such alternative; (ii) increased administrative costs; and (iii) increased uncertainty as to whether any funds would be available to make any distributions because the Member of the Debtor would not be required to fund the Debtor's ongoing business activities if a Chapter 7 trustee were appointed.

IN LIGHT OF THE FOREGOING, THE DEBTOR RECOMMENDS ACCEPTANCE AND CONFIRMATION OF THE PLAN.

Dated: June 6, 2016

THE DEBTOR: Jack Dempsey's, Inc.

By: /s/
Julia Kish, Its President

By: /s/Jeffrey M. Sklarz
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EXHIBITS

- A. Plan
- B. Appraisal of 170 Oronoque
- C. Balance Sheet
- D. Cash Flow Projection
- E. List of Rejected Contracts
- F. Liquidation Analysis