

UNITED STATES BANKRUPTCY  
COURT DISTRICT OF CONNECTICUT  
NEW HAVEN DIVISION

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In re Chapter 11  
UNCAS, LLC Case No. 16-50849  
Debtor.  
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**SECOND AMENDED DISCLOSURE STATEMENT**  
**PROPOSED BY SECURED CREDITOR CONNECT**  
**REO, LLC**

Secured creditor Connect REO, LLC has filed in this case a Second Amended Plan of Liquidation (the "Plan") dated \_\_\_\_\_ pursuant to Section 1121(c) of Chapter 11 of the Bankruptcy Code (11 U.S.C. Section 101 et seq.) (the "Bankruptcy Code"). A copy of the Plan, which Connect REO, LLC believes provides the best possible treatment for all classes of claims and interests in this case has been filed simultaneously with this Disclosure Statement.

Pursuant to Section 1125 of the Bankruptcy Code, Connect REO, LLC has prepared and filed this Second Amended Disclosure Statement (the "Statement") for submission (with the Plan) to holders of claims and interests with respect to the Debtor, Uncas, LLC ("Debtor") and its assets. The purpose of the 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 informal judgment about the merits of approving the Plan.

**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 OF THE DEBTOR REFLECTED IN THIS STATEMENT HAVE NOT BEEN SUBJECT TO A CERTIFIED AUDIT. THE RECORDS OF THE DEBTOR REFLECTED IN THIS STATEMENT ARE NOT WARRANTED OR REPRESENTED TO BE WITHOUT ANY INACCURACY. APPROVAL OF THIS DISCLOSURE STATEMENT BY THE COURT DOES NOT CONSTITUTE A RECOMMENDATION AS TO THE MERITS OF THE PLAN.**

**CONNECT REO, LLC BELIEVES THAT THE PLAN PROVIDES THE BEST POSSIBLE RESULT FOR ALL HOLDERS OR CLAIMS AND INTERESTS AND THEREFORE BELIEVES THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTOR'S CREDITORS AND INTEREST HOLDERS. CONNECT REO, LLC STRONGLY**

**URGES ALL HOLDERS OF CLAIMS IN IMPAIRED CLASSES RECEIVING BALLOTS THAT ARE ENTITLED TO VOTE ON THE PLAN VOTE TO ACCEPT THE PLAN. ALL CLASSES ARE DEEMED UNIMPAIRED BASED UPON PROJECTED SALES PROCEEDS TO BE REALIZED FROM THE SALE OF THE DEBTOR'S REAL PROPERTY AND HOLDERS OF SUCH CLAIMS ARE CONCLUSIVELY PRESUMED TO HAVE ACCEPTED THE PLAN PURSUANT TO SECTION 1126(f) OF THE BANKRUPTCY CODE.**

**IF THIS PLAN IS APPROVED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS OR INTERESTS WILL BE BOUND BY THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.**

**NO PARTY IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS WITH RESPECT TO THE PLAN OTHER THAN THOSE CONTAINED IN THIS DISCLOSURE STATEMENT. NO REPRESENTATIONS OR INFORMATION CONCERNING THE DEBTOR, THE POST-CONFIRMATION ESTATE OR THE VALUE OF THE DEBTOR'S PROPERTY HAVE BEEN AUTHORIZED OTHER THAN AS SET FORTH HEREIN.**

**THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND NOT IN ACCORDANCE WITH OTHER APPLICABLE NON-BANKRUPTCY LAWS. ENTITIES HOLDING, TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING CLAIMS AGAINST, OR INTERESTS IN THE DEBTOR SHOULD EVALUATE THIS DISCLOSURE STATEMENT ONLY IN LIGHT OF THE PURPOSE FOR WHICH IT WAS PREPARED. IF THE REQUISITE ACCEPTANCES OF THE PLAN ARE RECEIVED, THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS OR INTERESTS (INCLUDING THOSE WHO DO NOT SUBMIT BALLOTS ACCEPTING OR REJECTING THE PLAN) WILL BE BOUND BY THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.**

**THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES COMMISSION OR SIMILAR PUBLIC, GOVERNMENTAL OR REGULATORY AUTHORITY, AND NEITHER SUCH COMMISSION NOR ANY SUCH AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENT CONTAINED HEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF AND NEITHER THE DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY DISTRIBUTION OF PROPERTY PURSUANT TO THE PLAN WILL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF OR THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH HEREIN OR IN THE AFFAIRS OF THE DEBTOR SINCE THE DATE HEREOF.**

**EACH CREDITOR AND INTEREST HOLDER OF THE DEBTOR SHOULD CONSULT WITH THEIR LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS AS TO ANY SUCH MATTERS CONCERNING THE SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN, THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.**

### **Voting Procedures and Requirements**

Pursuant to the Bankruptcy Code, only classes of claims against or equity interests in a debtor that are "impaired" under the terms of a plan of liquidation or reorganization, and who receive distributions under such plan, are entitled to vote to accept or reject the plan. Generally, a class is "impaired" under a plan unless such plan leaves unaltered the legal, equitable or contractual rights to which such claim or interest entitles the holder of such claim or interest. Classes of claims and interests that are not impaired are not entitled to vote on the plan and are conclusively presumed to have accepted the plan. In the event a class is deemed impaired of which class votes to reject the Plan, (a) Connect REO, LLC will seek to satisfy the requirements for Confirmation of the Plan under the cramdown provisions of section 1129(b) of the Bankruptcy Code and, if required, may amend the Plan to conform to the standards of such section, or (b) the Plan may be modified or withdrawn in its entirety.

Please carefully follow all of the instructions contained on the Ballot or Ballots provided to you with this Disclosure Statement if you are entitled to vote on the Plan. All Ballots must be completed and returned in accordance with the instructions provided. To be counted, your Ballot or Ballots must be received by the date and terms below. It is of the utmost importance to Connect REO, LLC that any class entitled to vote, vote promptly to accept the Plan. If you are entitled to vote and you did not receive a Ballot, received a damaged Ballot or lost your Ballot, please call the undersigned counsel set forth below.

Votes cannot be transmitted orally, by facsimile, or by email. Accordingly, you are urged to return your signed and completed Ballot, by hand delivery, overnight service or regular U.S. mail, promptly, so that it is received before the Voting Deadline.

Any objection to confirmation must be made in writing and must specify in detail the name and address of the objecting party, all grounds for the objection and the amount of the claim or interest held by the objecting party. Any such objections must be filed and served upon the persons designated in the notice of the Confirmation Hearing and in the manner and by the deadline described therein. At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the following requirements of section 1129(a) of the Bankruptcy Code are met: the Plan complies with the applicable provisions of the Bankruptcy Code. Connect REO, LLC, as Plan proponents, have complied with the applicable provisions of the Bankruptcy Code.

The Plan has been proposed in good faith and not by any means forbidden by law. Any payment made or to be made by the proponents, the Debtor, the Plan Administrator, or by an entity issuing securities, or acquiring property under the Plan, for services or for costs and expenses in, or in connection with, the Chapter 11 Case or in connection with the Plan and incident to the Chapter 11 case, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable.

Connect REO, LLC will request that the Court appoint Roberta Napolitano as Plan Administrator with appropriate credentials and affiliations such that such appointment will be consistent with the best interests of creditors, interest holders and with public policy. With respect to each Impaired Class of Claims or Interests, each holder of a claim or interest in such class has either accepted the Plan or will receive or retain under the Plan on account of such claim or interest property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date.

With respect to each Class of Claims or Interests, such Class has either accepted the Plan or is Unimpaired by the Plan. If this requirement is not met, the Plan may still be confirmed pursuant to section 1129(b) of the Bankruptcy Code. Except to the extent that the Holder of a particular Claim or Interest has agreed to a different treatment of its Claim, the Plan provides that each Allowed Administrative Expense Claim, Allowed Priority Tax Claim and Allowed Priority Claim shall be paid in full in Cash from the Distribution Fund on the later of (a) ten (10) Business Days following the date of the Closing, or (b) in the event such Claim is not Allowed as of the date of the Closing, the date on which the Bankruptcy Court enters an order allowing such Claim, or (c) such later date as the Plan Administrator and the Holder of such Allowed Claim otherwise agree in writing, or as soon thereafter as is practicable.

If a Class of Claims is Impaired under the Plan, at least one Class of Claims that is Impaired by the Plan has accepted the Plan, determined without including any acceptance of the Plan by any "insider."

Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor of the Debtor under the Plan.

All U.S. Trustee Fees payable under section 1930 of title 28 as determined by the Bankruptcy Court at the Confirmation Hearing have been paid or the Plan provides for the payment of all such fees on the Effective Date. The Plan further provides for the payment of all U.S. Trustee Fees accruing from and after the Effective Date.

Upon information and belief, the Debtor does not have any Retiree Benefits (as defined in section 1114 of the Bankruptcy Code).

Connect REO, LLC believes that the Plan otherwise satisfies, to the extent applicable, all of the statutory requirements of Chapter 11 of the Bankruptcy Code. Certain of these requirements are discussed in more detail below.

### **Confirmation Requirements**

#### **1. Feasibility:**

In connection with confirmation of the Plan, section 1129(a)(11) requires that the Bankruptcy Court find that confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor. This is the so-called "feasibility" test. Here, the Plan contemplates an orderly auction sale and liquidation of the Debtor's assets and distribution of the proceeds thereof to creditors holding Allowed Claims pursuant to the provisions of the Plan. Accordingly, confirmation of the Plan will not be followed by a liquidation or further reorganization. Connect REO, LLC therefore, believes that the Plan complies with the standard of section 1129(a)(11) of the Bankruptcy Code.

#### **2. "Best Interests"; Liquidation Analysis**

In order to confirm the Plan, the Bankruptcy Court also must determine that the Plan is in the best interests of each Holder of a Claim or Interest in any such Impaired Class who has not voted to

accept the Plan. Accordingly, if an Impaired Class does not accept the Plan as required under the Bankruptcy Code, the "best interests" test requires that the Bankruptcy Court find that the Plan provides to each member of such Impaired Class a recovery on account of the member's Claim or Interest that has a value, as of the Effective Date, at least equal to the value of the distribution that each such member would receive if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code on such date.

To estimate what members of each Impaired Class of Claims or Interests would receive if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code, the Bankruptcy Court must first determine the aggregate dollar amount that would be available if the Chapter 11 Case was converted to a Chapter 7 case under the Bankruptcy Code and the Debtor's assets were liquidated by a Chapter 7 trustee (the "Liquidation Value"). The Liquidation Value of the Debtor would consist of the net proceeds received from the disposition by a Chapter 7 trustee (as opposed to the Plan Administrator) of the Owenoke Property and other property, plus any Cash held by the Debtor.

The Liquidation Value available to Holders of Claims or Interests that are not Secured Claims would be reduced by, among other things: (a) the Claims of Secured Creditors to the extent of the value of their collateral; (b) the costs, fees and expenses of the liquidation, as well as other administrative expenses of the Debtor's Chapter 7 Case; (c) unpaid administrative expense Claims of the Chapter 11 Case; and (d) priority claims and priority tax claims. The Debtor's costs of liquidation in Chapter 7 Case would include the compensation of the trustee, as well as of counsel and of other professionals retained by such trustee, asset disposition expenses, applicable taxes, including transfer taxes which only apply in a Chapter 7 (and not a Chapter 11 if the Plan is confirmed), litigation costs, claims arising from the administration of the Debtor during the pendency of the Chapter 7 Case and all unpaid administrative expense claims incurred by the Debtor during the Chapter 11 Case that are allowed in the Chapter 7 Case.

### 3. Cramdown

In the event that any Impaired Class of Claims or Interests does not accept the Plan, the Bankruptcy Court may nevertheless confirm the Plan if all other requirements under section 1129(a) of the Bankruptcy Code are satisfied, and if, with respect to each Impaired Class which has not accepted the Plan, the Bankruptcy Court determines that the Plan does not "discriminate unfairly" and is "fair and equitable" with respect to such Class. Confirmation under section 1129(b) of the Bankruptcy Code requires that at least one Impaired Class of Claims accepts the Plan, excluding any acceptance of the Plan by an "insider" (as that term is defined in section 101 of the Bankruptcy Code). Connect REO, LLC intends to seek confirmation of the Plan notwithstanding the nonacceptance of one or more Impaired Classes; however, Connect REO, LLC believes that the only impaired class is that of insider equity holders. Connect REO, LLC controls the major class and the second unsecured class will be paid in full or a substantial dividend.

(a) No Unfair Discrimination. A plan of reorganization does not "discriminate unfairly" with respect to a nonaccepting Class if the value of the cash and/or securities to be distributed to the nonaccepting Class is equal or otherwise fair when compared to the value of distributions to other Classes whose legal rights are the same as those of the nonaccepting Class. Connect REO, LLC believes that the Plan would not discriminate unfairly against any nonaccepting Class of Claims or Interests.

(b) Fair and Equitable Test. The "fair and equitable" test of section 1129(b) of the Bankruptcy Code requires absolute priority in the payment of claims and interests with respect to any nonaccepting Class or Classes.

The "fair and equitable" test established by the Bankruptcy Code is different for secured claims, unsecured claims and interests, and includes the following treatment: (c) Secured Claims. A plan is fair and equitable with respect to a nonaccepting class of secured claims if (aa) the holder of each claim in such class will retain its lien or liens and receive deferred cash payments totaling the allowed amount of its claim, of a value, as of the effective date of the plan, equal to the value of such holder's interest in the collateral, (bb) the holder of each claim in such class will receive the proceeds from the sale of such collateral or (cc) the holder of each claim in such class will realize the indubitable equivalent of its allowed secured claim. (d) Unsecured Claims. A plan is fair and equitable with respect to a nonaccepting class of unsecured claims if (aa) the holder of each claim in such class will receive or retain under the plan property of a value, as of the effective date of the plan, equal to the allowed amount of its claim, or (bb) holders of claims or interests that are junior to the claims of such creditors will not receive or retain any property under the plan on account of such junior claim or interest.

(c) Interests. A plan is fair and equitable with respect to a nonaccepting class of interests if the plan provides that (aa) each member of such class receives or retains on account of its interest property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed Redemption price to which such holder is entitled, or the value of such interest, or (bb) holders of interests that are junior to the interests of such class will not receive or retain any property under the plan on account of such junior interests. Based upon the classifications made and distributions provided for under the Plan, Connect REO, LLC believes the Plan is fair and equitable as to all Classes.

### **Alternatives to Confirmation and Consummation of the Plan**

If the Plan is not confirmed, Connect REO, LLC will seek conversion of the Debtor's Chapter 11 Case to a liquidation case under Chapter 7. Connect REO, LLC believes that under either alternative, distributions to other creditors would necessarily be reduced from those realized under the Plan.

Connect REO, LLC proposes this Plan of Liquidation in conjunction with the Plan of Liquidation filed in two Chapter 11 companion cases, Post East, LLC, case#16-50848 and Michael L. Calise, case# 16-51070 wherein Connect REO, LLC seeks to liquidate properties within those cases together with the property in this case in order to satisfy its Liens. Connect REO, LLC urges parties to review the Plans of Liquidation filed in all three of these Chapter 11 cases in order to obtain an accurate picture of the timeline of property liquidation.

If the value of the Owenoke Property exceeds the amount of the respective secured claims of Connect REO, LLC, then the excess will inure to the benefit of creditors without diminishment due to foreclosure expenses or Chapter 7 expenses, including trustee's commissions. In a Chapter 7 liquidation, if the value realized from the sale of the Owenoke Property exceeds the amount of the Connect REO, LLC's indebtedness, then any excess that would become available to creditors would be diminished by Chapter 7 expenses, including trustee's commissions. Similarly, upon dismissal, the realized value of the Owenoke Property would be diminished by foreclosure expenses. Consequently, Connect REO, LLC believes that the Plan will provide a much greater ultimate return to holders of Allowed Claims than would a Chapter 7 liquidation of the Debtor or a dismissal.

## **APPROVAL OF DISCLOSURE STATEMENT AND CONFIRMATION HEARING**

\_\_\_\_\_, the Bankruptcy Court determined that this Statement contains “adequate information” in accordance with Section 125 of the Bankruptcy Code. Pursuant to Section 1125(a)(1) of the Bankruptcy Code, “adequate information” is defined as “information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor and the condition of the Debtor’s books and records, that would enable a hypothetical reasonable investor typical of holders of claims or interests of the relevant class to make an informed judgment about the plan....” 11 U.S.C. Section 1125(a)(1).

**The Bankruptcy Court has scheduled a hearing to consider confirmation of the Plan for \_\_\_\_\_ at \_\_\_\_\_ A.M./P.M. (prevailing Eastern Time), before the Honorable Ann. M. Nevins, United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of Connecticut (New Haven Division), 157 Church Street, New Haven, Connecticut 06510. The hearing may be adjourned from time to time without further notice other than by announcement in the Bankruptcy Court on the scheduled date of such hearing or any adjourned hearings thereof. Any objections to confirmation of the Plan must be in writing and must be filed with the Clerk of the Bankruptcy Court and served on counsel for Connect REO, LLC listed below to ensure RECEIPT by them on or before \_\_\_\_\_ at 5:00 P.M. (prevailing Eastern Time). Counsel on whom objections must be served are:**

Linda St. Pierre, Esq.  
McCalla Raymer Leibert Pierce LLC  
50 Weston Street  
Hartford, CT 06120  
(860) 240-9156  
Fax (860) 240-9256  
Counsel for Connect REO, LLC

## **I. BACKGROUND**

On June 28, 2016 (the “Petition Date”), Uncas, LLC (the “Debtor”) filed a Chapter 11 petition under Title 11 of the United States Code, 11 U.S.C. “101 et seq. (the “Bankruptcy Code”).

### **1. Debtor’s property**

#### **a. Owenoke Property**

The Debtor’s sole asset consists of real property located at 2A Owenoke Park, Westport, Connecticut which is a vacant piece of raw land. Based upon the Appraisal performed on March 22, 2016 as attached, The subject consists of a single tax parcel with approximately 17.0 acres located on the north side of Owenoke Park in the Owenoke-Compo Beach section of Westport. The site has an irregular shape, and access to Cedar Island is provided by a 40 foot strip of land on the north side of Owenoke Park, identified as Cedar Island Road. Approximately 10.0 acres is underwater within Gray's Creek. The upland area (including Cedar Island and Finches Island) is approximately 7.0 acres, and the area of Heron Island is estimated at 8,000 square feet or 0.18 acres. There also appears to be significant areas of marsh. Finches Island abuts land under different ownership, and access appears to be limited, while access to Heron Island requires watercraft. The topography is generally level with a gradual slope to the water. According to information in the planning & zoning file, approvals were granted for the construction of a single-family house in 1989, and a zoning permit was issued September 17, 1990. However the permit was subsequently voided, and new approvals would be required. Development may also require approvals from the State of Connecticut DEEP regarding the mean high water line and tidal wetlands, the Conservation Commission and Flood and Erosion Control Board pursuant to Waterway Protection Line Ordinances, and the Planning and Zoning Commission pursuant to



Coastal Area Management Regulations and FEMA Floodplain regulations. Other approvals may be required.

The appraisal includes an Extraordinary Assumption that the site cannot be developed. The property functions as open space.

The above description of the property is based upon the Appraisal set forth above. Connect REO, LLC makes no representations regarding the nature of this property, whether such land can be developed, and/or what existing pending building development, site plan, or other permits exist. Connect REO, LLC attaches to its Disclosure Statement an Appraisal performed on April 22, 2016 which sets forth a detailed description and analysis of the Owenoke Property. Connect REO, LLC urges parties to review the Appraisal and conduct its own independent review of the status of this Property.

Connect REO, LLC is the holder of a First Mortgage on the Owenoke Property in the original principal amount of \$250,000.00 with a debt owing at the time of this bankruptcy filing of \$361,465.11 pursuant to its proof of claim filed in this case. Connect REO, LLC also is the holder of a Second Mortgage on the Owenoke Property that is cross-collateralized with a First Mortgage in the original principal amount of \$1,100,000.00 on property located at 740-748 Post Road East, Westport, Connecticut which is owned by the entity Post East, LLC who is in its own Chapter 11 bankruptcy, Case# 16-50848 with a debt owing at the time of that bankruptcy filing of \$2,030,031.47. Both loan are delinquency and were the subject of a pending foreclosure action.

b. Personal Property, Cash, and Additional Assets

Personal Property consists of any and all Personal Property that is the subject of a certain UCC executed with the Loan Documents with filing# 0002638086 and as continued which covers

personal property located at the Debtor. Additional Assets consist of cash.

## **2. Valuation and Proposed Sale of Owenoke Property**

Connect REO, LLC last performed appraisal of the property was in 2016 with an appraised value of \$800,000 as of March 22, 2106. The Plan proposes a commercially reasonable strategy for selling the Owenoke Property by a court-appointed Plan Administrator, Roberta Napolitano, via the process of either (i) a brokered listing at a price point established by a current appraisal and private sale (which features a four month deadline for receiving a bona fide acceptable offer) or (ii) an auction pursuant to Section 363 of the Bankruptcy Code. It is anticipated that the sale of the Owenoke Property via either method proposed in the Plan will realize proceeds to pay all creditors in part or full.

Connect REO, LLC proposes this Plan of Liquidation in conjunction with the Plan of Liquidation filed in two Chapter 11 companion cases, Post East, LLC, case#16-50848 and Michael L. Calise, case# 16-51070 wherein Connect REO, LLC seeks to liquidate properties within those cases together with the property in this case in order to satisfy its Liens. Connect REO, LLC urges parties to review the Plans of Liquidation filed in all three of these Chapter 11 cases in order to obtain an accurate picture of the timeline of property liquidation. Connect REO, LLC believes that the proposed liquidation of properties in all three Chapter 11 cases will realize the most proceeds for all creditors in these estates.

## **3. Valuation and Proposed Liquidation of Personal Property and Additional Assets**

- a. Personal Property: The Plan proposes a commercially reasonable strategy for liquidating the Debtor's interest in all Personal Property that is the subject of a UCC on the Debtor's personal property by a court-appointed Plan Administrator, Roberta Napolitano, via the

process of either (i) a brokered listing at a price point established by a current appraisal and private sale or (ii) an auction pursuant to Section 363 of the Bankruptcy Code. It is anticipated that any liquidation of these interests would be by auction.

- b. Cash: The Plan Administrator will use available cash to pay on-going carrying costs of the Properties. Any cash remaining will be used to fund payments under this Plan to creditors in order of their priority.

## **II. POST-PETITION PROCEEDINGS**

### **1. Debtor's Assets, Income and Claims**

The Debtor's schedules list the Owenoke Property with two separate values of this property, one at \$1,000,100.00 and one at \$2,750,000.00 and this is the sole asset of the Debtor. Connect REO, LLC has a first mortgage on the Owenoke Property with a debt owing as of the Debtor's bankruptcy filing of \$361,465.11. Connect REO, LLC also has a second mortgage on the Owenoke Property which is cross-collateralized with a first mortgage on 740-748 Post Road East, Westport, Connecticut with a debt owing as of the Debtor's bankruptcy filing of \$2,030,031.47. The property located at 740-748 Post Road East is under its own Chapter 11 case called Post Road East, LLC, Case# 16-50848 which is pending before the court. Connect REO, LLC will file a Creditor's Plan of Liquidation in that case as well.

The Debtor's schedules, statement of financial affairs, and operating reports indicate that the Debtor may have the following supplemental assets : (i) cash of \$651.53 in the Debtor's DIP account pursuant to the Debtor's last filed Monthly Operating Report for the month of February 2017. ("Additional Assets").

The Debtor's schedules identify the following creditors. They are as follows:

Secured Creditor:

- a. Connect REO, LLC with a scheduled claim of \$370,000.00;
- b. Connect REO, LLC with a scheduled claim of \$1,043,015.74;
- c. Tax Collector, Town of Westport for real estate taxes with a scheduled claim as "unknown". The Debtor scheduled the Tax Collector, Town of Westport as a priority unsecured claim in the scheduled amount of "unknown".

Unsecured Creditors:

- a. Eastern Tree Service with a claim of ""unknown""
- b. Peter Vimini with a claim of "unknown"

In the Debtor's Statement of Financial Affairs, the Debtor reports no income.

The Debtor's Statement of Financial Affairs lists an additional 6 equity holders as: (a) Michael F. Calise; (b) Catherine Calise; (c) Sandra Cenatiempo; (d) Maria Calise; (e) Bettina Calise Cooleen; and (d) Frank Calise.

## **2. Expiration of Debtor's Exclusivity Period**

The Debtor filed the instant bankruptcy case on June 28, 2016, and its exclusive right to file a plan of reorganization herein (under Section 1121(b) of the Bankruptcy Code) has expired.

## **3. Costs incurred during post-confirmation period**

It is anticipated that prior to the sale of the Owenoke property there will yield no monies available for the estate to satisfy ongoing Administrative Claims and carrying costs of the Owenoke Property during the Post Confirmation period and up to consummation of a sale. It is

Connect REO, LLS's position that this case remains the Debtor's estate and that any real estate taxes and property insurance that becomes due on this property must be paid by the Debtor. In the event the Debtor fails to satisfy these carrying costs, the Plan Administrator will seek to liquidate any Additional Assets to pay any costs accrued prior to sale. Upon depletion, Connect REO will fund any Administrative Costs and/or carrying costs associated with the Owenoke Property subject to approval by Connect REO, LLC and the Court up to the date of sale.

### **III. PRE-PETITION DEBT**

The following claims were taken from the Debtor's schedules and from the record of Connect REO, LLC.

#### **1. Secured Claims**

Connect REO, LLC has a first mortgage and lien on the Owenoke Property in the amount of \$361,465.11 as of the Debtor's bankruptcy filing date.

Connect REO, LLC has a second mortgage and lien on the Owenoke Property in the amount of \$2,030,031.47 as of the Debtor's bankruptcy filing date of which is cross-collateralized with a first mortgage on property located at 740-748 Post Road East, Westport, Connecticut.

#### **2. Priority Claims**

The Debtor lists on his schedules the Tax Collector, Town of Westport as a priority unsecured claim in the scheduled amount of "unknown". Upon information and belief, there are no current taxes owed on the Owenoke Property.

#### **3. Unsecured Claims**

The Debtor's Schedule D lists Eastern Tree Service and Peter Vimini as having

unsecured claims in the amount of “unknown”. To date, only one unsecured claim was filed by Peter Vimini in the amount of \$2,700.00.

4. Equity Security Holders

The Debtor’s schedules list the following equity security holders:

- a. 5% - Debtor
- b. 19% each – Debtor’s five children

**IV. EVENTS LEADING UP TO DEBTOR’S  
BANKRUPTCY FILING**

Connect REO, LLC makes no representations as to what led to the Debtor’s financial problems other than to represent that to date the Debtor has failed to cure the default of payment obligations to Connect REO, LLC by failing to make the required payments of principal and interest. In May 2014, Connect REO, LLC commenced a foreclosure action in the Superior Court of the State of Connecticut against the Debtor, its 5% interest holder Michael Calise, and Post East, LLC. Post East, LLC and Michael Calise have filed separate Chapter 11 cases which are currently pending before this court. During the pendency of the foreclosure action, the Debtors commenced bankruptcy proceedings.

The Debtor’s efforts to reorganize have stalled. The Debtor did file a Plan of Reorganization on March 31, 2017 of which Connect REO, LLC intends to object to. Based upon representations made by Debtor’s attorney before this court, it would appear undisputed that the Debtor will not be able to confirm a Debtor’s Plan of Reorganization without the consent of Connect REO, LLC.

Generally, plan options for real estate cases include selling, refinancing, recapitalizing or loan modification. The Debtor has been unable to propose a confirmable plan that is

acceptable to Connect REO, LLC and therefore it believes that selling the Property is the only viable alternative.

Connect REO, LLC submits that the most expedient means by which to solve the Debtor's problems is through confirmation of a Chapter 11 liquidation plan which provides for a sale of the Debtor's Property, coupled with a fund for the payment of creditor claims. The liquidation proposed under this Plan will be in coordination with the simultaneous liquidation plans filed in the Debtor's companion cases Post East, LLC, Case# 16-50848 and Michael Calise, case# 16-51070. Connect REO, LLC believes that a joint liquidation of properties in all three cases will maximize value for all creditors. Connect REO, LLC urges parties to review the companion liquidation cases filed in Post East, LLC and Michael Calise together with this case.

## V. PROPONENT'S PLAN OF LIQUIDATION

### DEFINITIONS

1. Additional Assets: Additional Assets shall mean any available cash from liquidation of any personal property.
2. Allowed Claim: Allowed Claim shall be the claim owned to Connect REO, LLC pursuant to the Loan Documents.
3. Code: Code shall mean Bankruptcy Reform Act of 1978 which has been codified as Title 11 of the United States Code.
4. Confirmation Date: Confirmation shall mean the date on which the Plan is confirmed by Order of the Court.
5. Credit-Bid: Credit Bid shall mean a secured creditors right to make a non-cash bid.

6. Debtor: Debtor shall mean the debtor in the instant case, Uncas, LLC
7. Distribution Date: Distribution Date shall mean the 30 days after sale closing of the Owenoke Property pursuant to this Plan and an order of the Court.
8. 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.
9. Loan Documents: Loan Documents shall mean a certain documents entered into by Uncas, LLC, including but not limited to, a Commercial Line of Credit Note and Loan Agreement dated September 15, 2004, Conditional Assignment of Rents and Leases dated September 15, 2004, an Open-End Mortgage Deed and Security Agreement dated September 15, 2004, a Modification Agreement dated August 30, 2006, Construction to Permanent Adjustable Rate Mortgage Note, a Loan Agreement, a Commercial Loan Statement, Undertaking and Waiver, an Environmental Affidavit and Indemnity Agreement, Borrower's Affidavit and Certification, Construction Loan Agreement, an Open-End Mortgage Deed and Security Agreement, an Agreement of Guaranty and Suretyship, an Assignment of Lease, a UCC Financing Statement filed on June 4, 2008 in Vol. U-00, Pg 01, and any other documents executed on or after September 15, 2004 relating to property located at 2A Owenoke Park, Westport, CT.
10. Net Sale Proceeds: Net Sale Proceeds shall mean the balance of sale proceeds remaining from a sale of the Owenoke Property, after payment in full of any real property taxes on the Owenoke Property, a reasonable attorney's fee for the closing, closing costs and adjustments standard to the



practice of the Town of Westport, payment of any taxes due on the sale, and payment of any allowed administration expenses in this case.

11. Owenoke Property: Owenoke Property shall mean that real property owned by the Debtor, and all improvements thereon, located at 2A Owenoke Park, Westport, Connecticut.
12. Personal Property: Personal Property shall mean any and all property that is the subject of a certain UCC held by Connect REO, LLC covering the personal property of the Debtor.
13. Petition Date: Petition Date shall mean June 28, 2016
14. Plan Administrator: Plan Administrator shall mean Roberta Napolitano who will be the individual appointed by the Bankruptcy Court on the Confirmation Date to assume control over the Debtor's and estate's assets (with the powers and responsibilities of a disbursing agent and trustee), and shall be authorized to cause the Owenoke Property to be sold in accordance with this Plan and to make distributions as set forth herein. The Plan Administrator shall execute, release and deliver, for and on behalf of the Debtor and his estate, all documents reasonably necessary to consummate the transactions contemplated by the terms and conditions of the Plan, including, without limitation, any documents required in connection with the closing and sale of the Owenoke Property in accordance with the Plan.

On the Effective Date, the Plan Administrator will be the representative of the post-confirmation estate and successor to the Debtor pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code and will have the rights and powers provided in the Bankruptcy Code, in addition to any rights and powers granted herein and in the Confirmation Order. The Plan Administrator shall act in a fiduciary capacity for the holders of allowed claims under the Plan and shall have all of the rights, powers and duties of a debtor in possession under sections 1107 and 1108 of the Bankruptcy Code. The Plan Administrator shall also be vested with all rights, powers and benefits afforded to a "trustee" under

11 U.S.C. Section 108. The Plan Administrator will seek to retain a broker upon the Effective Date of the Plan to liquidate and administer the Owenoke Property through a sale of the property, and make distributions from the post-confirmation estate, all in accordance with the terms of the Plan. The Plan Administrator shall have sole and exclusive authority for the retention of professionals to assist in any manner on and after the Effective Date, including the engagement of the Broker (as defined herein).

Connect REO, LLC shall pay reasonable compensation for the services of the Plan Administrator and any other professionals retained by the Plan Administrators as approved by the Court unless otherwise stated in the Plan.

**VI. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS**

**1. Administrative Claims**

Allowed Administrative Expenses as defined in Section 503(b) of the Bankruptcy Code, including those incurred by the appointed Plan Administrator, after approved by the Court, but excluding any fees owed to the Debtor's bankruptcy counsel, are required to be approved by the Court. The allowance of Administrative Expense Claims will be first paid by any Additional Assets and then paid by Connect REO, LLC on the Distribution Date or upon their allowance, whichever is later. Any Administrative Fees due and owing to the Debtor's bankruptcy counsel shall be paid by the Debtor.

The Debtor and its bankruptcy estate shall pay all chapter 11 quarterly fees pursuant to 28 U.S.C. §1930(a)(6) that accrued prior to the date the Confirmation Order becomes a final order ("Final Order Date") and will file all monthly operating reports required through the Final Order Date. Beginning on the day after the Final Order Date and continuing

to the entry of a final decree or an order converting the case to chapter 7, the Plan Administrator shall be obligated to pay, from the assets of the Debtor's bankruptcy estate and/or from the proceeds of the sale, all chapter 11 quarterly fees that accrue pursuant to 28 U.S.C. §1930(a)(6) and will file all monthly operating reports.

## **2. Secured Claims**

### **Class 1 - Unimpaired**

Class 1 consists of the Allowed Claim of Connect REO, LLC which has a first mortgage and lien on the Owenoke Property in the amount of \$361,465.11 as of the Debtor's bankruptcy filing date and a second mortgage and lien on the Owenoke Property in the amount of \$2,030,031.47 as of the Debtor's bankruptcy filing date of which is cross-collateralized with a first mortgage on property located at 740-748 Post Road East, Westport, Connecticut. To the extent that Connect REO, LLC seeks to sell the Owenoke Property such shall be pursuant to Section 1146 of the Bankruptcy Code which provides, inter alia, that the transfer or delivery of an instrument under a plan confirmed under Section 1129 of the Bankruptcy Code may not be taxed under any law comprising a stamp tax or similar. Connect REO, LLC, through the Plan Administrator will seek an exemption from the imposition of any state or local conveyance taxes which might otherwise be imposed.

Any secured claimant who takes title to the property by auction shall retain its lien on the Properties until paid in full. Connect REO, LLC's Loan Documents shall remain in full force and effect after sale closing, including any indemnity, deficiency, and other rights. Connect REO, LLC does not waive any rights to collect its debt pursuant to the Loan Documents in the Debtor's companion Chapter 11 cases Post East, LLC, Case#16-50848 and Uncas, LLC, Case# 16-50849

or to pursue its rights under the Loan Documents against non-debtor obligors in the event a deficiency remains after sale of all properties proposed to be liquidated in all three of the Chapter 11 cases referenced within. The Loan Documents shall remain in full force and effect after consummation of any sale proposed under this Plan, including Connect REO LLC's right to continue prosecution of its foreclosure action, pursuit of its indemnity, deficiency, and other rights.

### **3. Priority Claims**

#### **Priority claims under 507(a)(8).**

These are the claims for any administrative fees due to the Internal Revenue Service, State of Connecticut, Department of Revenue Services as well as any personal property or real property taxes due to the Town of Westport, Connecticut. Upon information and belief there are no Priority Claim owing. In the event taxes are due the Town of Westport on the Owenoke Property, this claim will be paid on the Distribution Date. This class is deemed unimpaired and is deemed to have voted in favor of the plan.

### **4. Unsecured Claims – Class 2 – Unimpaired**

Class 2 consists of the unsecured claims of Eastern Tree Service and Peter Vimini. Only one unsecured claim has been filed in by Peter Vimini in the amount of \$2,700.00. This class is deemed unimpaired and is deemed to have voted in favor of the plan.

All of the foregoing claims are to be paid in full (or, with respect to Class 2 only, their pro rata share) from available Net Sale Proceeds realized through the sale of the Owenoke Property by the Plan Administrator upon the Distribution Date; 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. In the event no such proceeds remain available for distribution to this class, Connect REO, LLC shall pay a total of \$2,700.00 on the Distribution Date.

#### **5. Equity Security Holders – Impaired**

Equity Security Holders consists of the 5% interest of Michael L. Calise and the 19% interest in each of Michael L. Calise's five children. It is anticipated that there will be no funds available to satisfy any equity interest of these parties and that said equity will be extinguished upon consummation of a sale of the Owenoke Property. In the event funds remain available after payment in full to Class 1-2, including any deficiency claim owed Connect REO, LLC, said available remaining proceeds will be distributed in accordance with each holders equity interest.

#### **PLAN OBJECTIVES**

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. The payment of all priority and administrative claims;
4. Payment of all unsecured claims.

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. 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. 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, the same may be subject to objection and resolution by the Court.

### **OBJECTIONS TO PROOF OF CLAIMS**

All objections to Secured Claims shall be filed so that they are adjudicated at least 60 days from the Effective Date of the Plan, except for the Objection filed to Connect REO, LLC's Proof of Claim which will be adjudicated after sale consummation of the Debtor's properties as more fully set forth in the Plan. Connect REO, LLC shall not be prevented from making any non-cash credit bid as a result of its delayed adjudication of the Debtor's Objection to its Proof of Claim.

The Plan Administrator reserves its right to file objections to General Unsecured Claims in the event grounds exist to object to particular claims. There is only one unsecured claim that has been filed in this case by Peter Vimini in the amount of \$2,700.00. Any Proof of Claim filed after the claims bar date set in this case will be deemed disallowed.

### **TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN**

This Plan provides for the full payment of all claims; there are no impaired classes and interests.

#### **A. Administrative Claims**

These claims will be paid in full on the Distribution Date by Connect REO, LLC excluding any Administrative Fees due Debtor's Attorney.

#### **B. Priority Claims Under 507(a)(8)**

All allowed priority claims will be paid in full on the Distribution Date.

#### **C. Secured Claims**

All secured claims (Classes 1) shall be paid from the Net Sale Proceeds on the Distribution Date. Any secured claimant who takes title to the property by auction shall retain its lien on the Owenoke Property until paid in full. Connect REO, LLC's Loan Documents shall remain in full force and effect after sale closing, including any indemnity, deficiency, and other rights. Connect

REO, LLC does not waive any rights to collect its debt pursuant to the Loan Documents in the Debtor's companion Chapter 11 cases Post East, LLC, Case#16-50848 and Michael Calise, Case# 16-51070 or to pursue its rights under the Loan Documents against non-debtor obligors in the event a deficiency remains after sale of all properties proposed to be liquidated in all three of the Chapter 11 cases referenced within. The Loan Documents shall remain in full force and effect after consummation of any sale proposed under this Plan, including Connect REO LLC's right to continue prosecution of its foreclosure action, pursuit of its indemnity, deficiency, and other rights. The sales contemplated under this Plan on the Property shall not constitute a sale within the meaning of CGS 49-28.

**D. Unsecured Claims**

All unsecured claims (Class 2) shall be paid in full (or their pro rata share, as applicable) from the Net Sale Proceeds on the Distribution Date or if not available paid up to \$2,700.00 by Connect REO, LLC.

**FINANCIAL INFORMATION**

It is unknown whether there have been any pre-petition fraudulent transfers.

**A. Executory Contracts**

There are no executory contracts or leases to be assumed or rejected

**B. Liquidation Value**

A copy of the Appraisal of the Owenoque Property as of April 22, 2016 is attached hereto as Exhibit

A. This Appraisal is based on a full interior and exterior inspection of the Owenoque Property.

Connect REO, LLC will seek to obtain an updated Appraisal for purposes of determining current liquidation value and listing of the Property.

### **C. Means for the Effectuation of the Plan**

#### **1. Owenoke Property**

Upon the Effective Date of the Plan, the Plan Administrator shall retain a Broker to list the property through a commercially reasonable sale of the Owenoke Property at or about its current fair market value or otherwise determined based upon the expertise and recommendation of the listing Broker, Plan Administrator, and Connect REO, LLC of which will be subject to court approval. It is anticipated this will realize the maximum amount necessary to resolve in part or in whole creditor's claims in this case. In order to effectuate this sale, on the Effective Date of the Plan, a Plan Administrator shall be appointed by the Court to assume control over the Debtor's and estate's assets, including the Owenoke Property. The Plan Administrator shall engage a real estate broker ("Broker") specializing in the sale of real property located in Westport, Connecticut with the consent of Connect REO, LLC to list the Owenoke Property for sale on the Multiple Listing Service, with at least a 5% commission, with an asking price at or around the current fair market value of the property as to be determined by a current Appraisal or as otherwise determined to be a reasonable listing price based upon the expertise and recommendation of the appointed Broker, Plan Administrator, and Connect REO, LLC and approved by this court. Any offer to purchase the Owenoke Property received by the Broker shall be a bona fide offer and shall first be disclosed to Connect REO, LLC and the Plan Administrator for approval. Upon approval, the bona fide offer shall be disclosed to the Court via motion filed by the Plan Administrator and properly noticed to all creditors, and is subject to approval of the Court. The Court shall also approve any sale contract and other terms of sale of the Owenoke Property.

#### **2. Liquidation of Personal Property and Additional Assets:**

Upon the Effective Date of the Plan, the Plan Administrator will seek to obtain an inventory of all Personal Property that is the subject of the UCC identified within the Plan as well and recoverable Additional Assets. Upon the Effective Date of the Plan, the Plan Administrator shall retain a Broker



or auctioneer to list the Personal Property through a commercially reasonable sale at or about the current fair market value or otherwise determined based upon the expertise and recommendation of the listing Broker or auctioneer, the Plan Administrator, Connect REO, LLC which will be subject to court approval via Motion. Any offers to purchase any Personal Property will first be disclosed to Connect REO, LLC and upon consent the Plan Administrator will present any offer via motion to the court for approval, subject to higher and better offers. Connect REO, LLC may Credit Bid on the Personal Property.

If the Broker does not receive any offers for the Owenoke Property within four (4) months of the inception date of the listing, the Plan Administrator shall file a motion with the Court seeking an order under Section 363 of the Code establishing procedures and deadlines for conducting an auction of the Owenoke Property before the Court, consistent with the following bidding procedures:

### **BIDDING PROCEDURES**

Set forth below are the bidding procedures (the "Bidding Procedures") to be employed in connection with an auction (the "Auction") for the sale of the real property located at 2A Owenoke Park, Westport, Connecticut ("Asset"). At a hearing following the Auction (the "Sale Approval Hearing"), the Plan Administrator will seek entry of an order (the "Sale Order") from the Court authorizing and approving a sale ("the Sale") at Auction to the Qualified Bidder (as defined below) that the Plan Administrator determines to have made the highest or otherwise best bid (the "Successful Bidder"). The Plan Administrator shall be responsible for conducting the Auction.

#### **Asset to be Sold**

The Plan Administrator is offering the Asset for Sale.

Except as otherwise provided in definitive documentation with respect to the Auction, all the Debtor's title and interest in and to the Asset shall be sold free and clear of the liens, encumbrances, and interests thereon and there against in accordance with section 363 of the Bankruptcy Code. Connect REO, LLC's lien shall remain on the Owenoke Property in the event Connect REO, LLC is the successful bidder.

#### **Publication**

The Plan Administrator shall prepare a notice of the Auction for publication a newspaper of general circulation in the Town of Westport and/or any other newspaper or other advertisement as the Plan Administrator and Connect REO, LLC deem appropriate. Said notice shall be published twice, no earlier than thirty (30) days before the Auction and no later than seven (7) days before the Auction.

#### **The Bidding Process**

The Plan Administrator shall (i) determine whether any person is a Qualified Bidder (as defined below), (ii) provide reasonable (but without monetary expense) assistance to Qualified Bidders in conducting their due diligence investigations, (iii) receive offers from Qualified Bidders, and (iv) negotiate any offers made to purchase the Assets. Any person who wishes to participate in this bidding process must be a Qualified Bidder. Neither the Plan Administrator nor his agents shall be obligated to furnish any information of any kind to any person who is not determined to be a Qualified Bidder.

#### **Bid Deadline**

Any person or entity seeking to participate in the Auctions must submit a Qualified Bid (as defined below) on or before (the "Bid Deadline") in writing to the Plan Administrator at the following address: \_\_\_\_\_,

Phone \_\_\_\_\_; Fax \_\_\_\_\_.

#### **Qualified Bids**

To qualify as a “Qualified Bidder,” a bidder must submit a “Qualified Bid” by the Bid Deadline. To constitute a Qualified Bid, a bid must: (i) identify the potential bidder and the officer(s) or authorized agents(s) who will appear on behalf of such bidder; (ii) provide evidence, satisfactory to the Plan Administrator in their reasonable discretion of the bidders’ financial wherewithal and ability to consummate the proposed transaction; (iii) provide that the bid shall not be conditioned on the outcome of unperformed due diligence by the bidder, board approval, or any financing contingency; (iv) include the Qualified Bidder’s Good Faith Deposit (as defined below); and (v) contain the form of order that the bidder would request the Creditors to seek Court approval of at the Sale Approval Hearing.

All bids will be considered, but the Plan Administrator reserve the right to reject any or all bids. Bids will be evaluated on numerous grounds. However, bids that are unconditional and contemplate sales that may be consummated on or soon after the Sale Approval Hearing are preferred. Class 1 shall be deemed a qualified bidder and such bid shall be made in the form of a non-cash credit bid without waiver of any of its deficiency rights.

### **Good Faith Deposits**

Bidders will be required to submit good faith deposits (the “Good Faith Deposits”) with the Plan Administrator on or before the Bid Deadline. Such Good Faith Deposits shall be equal to ten percent (10%) of the proposed purchase price. Good Faith Deposits of all Qualified Bidders shall be held in the bankruptcy estate’s bank account until fifteen (15) business days following the Sale Approval Hearing. The Good Faith deposit of the Successful Bidder and the first runner up to the Successful Bidder shall be held by the Plan Administrator in the bankruptcy estate’s bank account until the closing of the Sale. If a Successful Bidder (or first runner up) fails to consummate an approved sale because of a breach or failure to perform on the part of such Successful Bidder (or first runner up), the Plan Administrator will have no obligation to return the Good Faith Deposit deposited by such Successful Bidder (or first runner up), and such Good Faith Deposit shall irrevocably

become property of the estate without affecting or reducing any of the Plan Administrator's other rights or claims against such party. The Good Faith Deposit shall be waived for any lienholder who credit bids on the Asset (Class 1).

### **Due Diligence**

The Plan Administrator shall afford any potential bidder the opportunity to conduct a reasonable due diligence review within the time period provided in these Bid Procedures and in the manner determined by the Plan Administrator in his discretion. The Plan Administrator shall not be obligated to furnish any due diligence information after the Bid Deadline. The Plan Administrator either has provided or will provide to all parties that have either expressed an interest in purchasing the Assets or certain information in connection with the proposed Sale, including among other things, these proposed Bidding Procedures (and the order approving same) and an opportunity to inspect the Assets (or some of them) as the bankruptcy court may order.

Each bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Assets prior to making any such Bids; that it has relied solely upon its own independent review, investigation and/or inspection of any document and/or the assets in making its Bid and that it did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the assets, or the completeness of any information provided in connection therewith, except as expressly stated in these Bidding Procedures or, as to the Successful Bidder, the asset purchase agreement.

### **The Auction**

The Auction will be conducted at the United States Bankruptcy Court, 157 Church Street, New Haven, Connecticut on the date and at the time set by the Office of the Clerk in a notice of sale to be issued pursuant to the customary practice of this Court.

### **Auction Procedures**

Prior to the start of the Auction, the Plan Administrator will advise all Qualified Bidders of what she believes to be the highest or otherwise best Qualified Bid with respect to the Sale and which Qualified Bids are in an amount that is at least 75% of the highest or otherwise best Qualified Bid. Only Qualified Bidders that have submitted a Qualified Bid in an amount that is 75% or more of the highest or otherwise best Qualified Bid shall be eligible to participate in the Auction. Qualified Bidders that submit a Qualified Bid that is less than 75% of the highest or otherwise best Qualified Bid will not be eligible to participate in the Auction, and will not be permitted to attend the Auction. Parties In Interest (but not Qualified Bidders whose bid is less than 75% of the highest or otherwise best bid) and their respective counsel, shall be permitted to attend the Auction. Bidding at the Auction shall begin initially with the highest or otherwise best bid and shall subsequently continue. Bidding will be in increments of \$10,000. Bidding will continue with respect to the Auction until the Plan Administrator determines that he has received the highest or otherwise best bid for the Assets. After the Plan Administrator so determines he will close the Auction, subject, however to his right to re-open the Auction if necessary. The Plan Administrator will then determine and announce which bid has been determined to be the highest or otherwise best bid (the "Successful Bid").

In determining which bid is the Successful Bid, the Plan Administrator will consider the net return after the payment of any Termination Fee or Expense Reimbursement, provided, however, that the Plan Administrator will not be obligated to consider economic considerations as the sole criteria upon which the Plan Administrator may base his decision and the Plan Administrator shall take into account all factors he believes to be relevant in an exercise of his business judgment, *provided however*, that if a credit bid is made by a creditor with a security interest in the asset being auctioned that is higher than any other bid for said asset, the Plan Administrator shall accept said credit bid that as the highest and best bid.

### **Reservation of Rights**

**a. Determination of Highest and Best Bid**

The Plan Administrator reserves the right and, if required, after notice and hearing before the Bankruptcy Court at which all parties in interest, and if appropriate, any bidder may be heard, to (i) subject to the conditions set forth above, determine in his reasonable discretion which offer is the highest or best offer and (ii) reject at any time prior to entry of a Court order approving an offer, without liability, any offer that the Plan Administrator in his reasonable discretion deems to be (iii) inadequate or insufficient, (iv) not in conformity with the requirements of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, or procedures set forth therein or herein, or (v) contrary to the best interests of the estate.

The selection of a successful bidder shall be within the reasonable business judgment of the Plan Administrator and subject to the approval of the Bankruptcy Court. Economic considerations shall not be the sole criteria upon which the Plan Administrator may base his decision. In assessing whether a bid constitutes a higher or better offer, the Plan Administrator shall consider, among other things, the net economic effect upon the estate. The presentation of a particular bid to the Bankruptcy Court for approval does not constitute the Plan Administrator's acceptance of the bid. The Plan Administrator will be deemed to have accepted a bid only when the bid has been approved by the Bankruptcy Court at the Sale Approval Hearing. At or before the Sale Approval Hearing, the Plan Administrator may impose such other reasonable terms and conditions on the Qualified Bidders as the Plan Administrator determines to be in the best interest of the Plan Administrator, its estate, its creditors, and other parties in interest.

**b. Modification of Bidding Procedures**

The Plan Administrator reserves the right to (i) upon the entry of an appropriate order of the Bankruptcy Court extend the deadlines set forth in the Bidding Procedures and/or adjourn the Auction at the Auction and/or the Sale Approval Hearing in open court without further notice, (ii)

reject any or all Offers with the consent of Connect REO, LLC, if, in the Plan Administrator's reasonable business judgment, no bid is for a fair and adequate price.

**c. Closing with Backup Offeror(s)**

If for any reason the entity or entities that submit the highest or otherwise best bid fails to consummate the purchase of the Assets, the offeror of the second highest or best bid will automatically be deemed to have submitted the highest or best bid for all purposes, and to the extent the Plan Administrator consents, the Plan Administrator and such offeror shall effect the sale of the Assets to such offeror(s) as soon as is commercially reasonable. If such failure to consummate the purchase is the result of a breach by the winning offeror, the Plan Administrator reserves the right to seek all available damages from the defaulting offeror.

**Sale Approval Hearing**

The Sale Approval Hearing will be held immediately after the Auction or at such other time as the Bankruptcy Court may direct. The Plan Administrator shall seek the approval of the Sale to the highest or otherwise best bidder. The Plan Administrator shall identify the highest or otherwise best bidder and identify the amount and other terms (if any) of the best bid. The hearing to approve the sale to the highest or otherwise best bidder shall be conducted at the United States Bankruptcy Court for the District of Connecticut, 157 Church Street, New Haven, Connecticut 06510 before the Honorable Ann M. Nevins, but may be adjourned or rescheduled without further notice by an announcement of the adjourned date at the Sale Approval Hearing.

Upon the closing of the sale of the Owenoke Property (whether by private party sale or auction), the sale proceeds will be paid to the Plan Administrator and held by her and distributed by her pursuant to this Plan and upon further order of the Court. After payment of all claims, expenses and other amounts provided for under this Plan, the Debtor shall receive any remaining Net Sale Proceeds.

On the Effective Date, and in accordance with the Confirmation Order, the post-confirmation estate assets shall remain with and vest in the post-confirmation estate under the control of the Plan Administrator, to be administered in accordance with the terms of the Plan.

The Confirmation Order shall contain appropriate provisions, consistent with Section 1142(a) of the Bankruptcy Code, directing the Plan Administrator to execute or deliver or to join in the execution and delivery of any and all instruments required to effect a transfer of the Owenoke Property, including, without limitation, a deed, and to perform any act, including the satisfaction of any lien, that is necessary for the consummation of the Plan. The Owenoke Property shall be sold under this Plan “AS IS,” “WHERE IS” in its condition on the closing date, without any representations, covenants, guarantees or warranties by any party of any kind or nature whatsoever, and free and clear of any liens, claims or encumbrances of whatever kind or nature accrued through the Confirmation Date, with such liens to attach to the proceeds of sale, and subject to any liens, claims or encumbrances of whatever nature or kind thereafter accrued, but entitled to the benefits and subject to the burdens of all easements or record against the Owenoke Property as of the Confirmation Date. Any such liens, claims or encumbrances accruing after the Confirmation Date shall be the responsibility of the entity acquiring the Owenoke Property in accordance with the terms of the Plan.

#### **A. Projections**

This Plan provides that payments shall be made to creditors from the sale of the Owenoke Property. The reader is cautioned that the price realized from the sale of the Owenoke Property is, of course, dependent on a variety of factors, not all of which are under the control of the plan proponents, including, but not limited to, the state of the real estate market and the economy in general. The plan proponents reasonably expect that sufficient revenue will be generated in order for the required payments to be made under the Plan, and believe that the Plan as proposed is in the best interests of all of the Debtor’s creditors.

#### **B. Certain Federal Income Tax Consequences Of The Plan**



## **1. Federal Income Tax Consequences to the Debtor**

The tax consequences of the Plan to the Debtor are uncertain because the precise value that may be realized upon the sale of the Westport Property is unclear. However, the Debtor may be subject to Federal income taxes and/or capital gain taxes/alternative minimum taxes. The Plan provides for the payment of capital gain taxes prior to the distribution of the net proceeds from the sale of the Westport Property.

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 carryover, the basis of the taxpayer's property, and foreign tax credits.

## **2. Federal Income Tax Consequences to the Creditors**

Generally, 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.

Tax information contained herein 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 Plan proponents 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 tax information contained herein 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

Plan proponents 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.

Notice to Debtor and Class 2 – Unsecured Claims: Where gain or loss is recognized by the Debtor or a holder of a Class 2 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.

### **3. 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.

### **C. Liquidation Analysis**

If the Plan is not confirmed, the Debtor's Chapter 11 case is likely to be converted to a liquidation case. If the Owenoke Property is liquidated without any opportunity for an arm's length, private sale (as is contemplated under the Plan), the Owenoke Property is likely to sell for less than its current fair market value.

Even though under the circumstances of this case both the Plan and a Chapter 7 liquidation are based on the sale of the Owenoke Property, with the market ultimately determining the actual value of such property and distributions to creditors, Connect REO, LLC believes that the Plan offers all creditors a potentially higher recovery than would a liquidation by a Chapter 7 trustee. Indeed, the Plan proposes an initial four month window during which the Owenoke Property will be marketed by a real estate broker experienced in the Westport real estate market. This process is likely to achieve the highest and best price that can be realized for the Owenoke Property in today's market.

Under the Plan, only in the event of a "private sale" (approved by the Bankruptcy Court) will any sales commissions be sought (by the Broker) related to the sale; if an auction under Section 363 of the Code is conducted by the Plan Administrator, no sales commission will be due to any party. On the other hand, in a Chapter 7 liquidation scenario, the costs of liquidation will necessarily include

commissions due to the trustee (who is likely to seek allowance of an amount based on the realized sale price of the Owenoke Property). These commissions due to a Chapter 7 trustee would more than likely exceed by a wide margin the hourly fees of a Plan Administrator associated with the auction sale of the Owenoke Property.

For the foregoing reasons, Connect REO, LLC believes that the Plan will provide a much faster and greater ultimate return to holders of claims than could a Chapter 7 liquidation of the Owenoke Property.

Dated:

CONNECT REO, LLC

By \_\_\_\_\_/S/\_\_\_\_\_

Its

By: \_\_\_/s/ Linda St. Pierre\_\_\_\_\_

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