UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF CONNECTICUT

In Re: **Case No. 16-51161 JAM**

PERSISTENCE PARTNERS IV LLC
Debtor **Small Business Case under Chapter 11**

FIRST AMENDED DEBTOR'S DISCLOSURE STATEMENT DATED JULY 12, 2017

1. INTRODUCTION

This is the disclosure statement (the "Disclosure Statement") in the small business chapter 11 case of Persistence Partners IV LLC (the "Debtor"). This Disclosure Statement contains information about the Debtor and describes the Debtor's First Amended Plan of Reorganization Dated July ___, 2017 (the "Plan"). ***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney you may wish to consult one.***

The proposed distributions under the Plan are discussed in Article III of this Disclosure Statement. General unsecured creditors are classified in Class 3 and Class 4 with Class 3 Non-Insider claims to receive payment of the full principal amount of their claims plus interest at the WSJ Prime Rate as of the Confirmation Date, payable on a Distribution Date as described herein and in the Plan. While the Plan is based mainly on successful resolution of a pending arbitration, for which a trial date is set in October 2017, the arbitration defendant already has escrowed in excess of $4.3 Million of which Debtor's share would total $1,083,804. For this and other reasons more fully explained below, Debtor believes substantial affirmative recovery is highly likely within a reasonable time.

A. Purpose of this Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,
- How the Plan proposes to treat claims or equity interests of the type you hold (i.e., what you will receive on your claim or equity interest if the plan is confirmed),
- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan,
- Why [the Proponent] believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation, and
- The effect of confirmation of the Plan

Be sure to read the plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed establish your rights.

B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. *Time and Place of the Hearing to Confirm the Plan*

The hearing at which the court will determine whether to [finally approve the Disclosure Statement and] confirm the Plan will take place on **[insert date], at [insert time],** at the United States Bankruptcy Court for the District of Connecticut, Bridgeport Division, Brien McMahon Federal Building, 915 Lafayette Boulevard, Bridgeport, Connecticut, 06604.

2. *Deadline for Voting to Accept or Reject the Plan*

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to counsel to Debtor: Carl T. Gulliver, Coan, Lewendon, Gulliver & Miltenberger, LLC, 495 Orange Street, New Haven, CT 06511, Email: cgulliver@coanlewendon.com, Facsimile: (203) 865-3673. See Section IV.A. below for a discussion of voting eligibility requirements.

3. *Deadline for Objecting to the Confirmation of the Plan*

Objections to the confirmation of the Plan must be filed with the Court and served upon counsel to Debtor, Carl T. Gulliver (see paragraph 2 above for service address) by **[insert date].**

4. *Identity of Person to Contact for More Information*

If you want additional information about the Plan, you should contact counsel to Debtor, Carl T. Gulliver.

C. Disclaimer

The Court has approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted.

II. BACKGROUND

A. Description and History of the Debtor's Business

Introduction

Persistence Partners IV LLC, the Debtor herein and plan proponent (referred to hereinafter as the "Debtor" or "P4"), was formed as a Delaware limited liability company in November 2009. The sole member of P4 is Persistent Holdings I, Inc. ("Persistent Holdings") a Delaware S corporation. Persistent Holdings is owned by Rhonda Beninati. Mrs. Beninati has owned P4 directly since its inception, and in 2014 caused it to become a subsidiary of Persistent Holdings, of which she also has been the sole owner from its formation. P4 owns several investments that generate income to P4 occasionally, but over which P4 has no control. P4's main value is in two fee sharing agreements that arose from a large real estate development. P4 has owned an interest in the fee sharing agreements since they were originally negotiated by P4 and several other parties. The fee sharing agreements paid millions of dollars over several years, but parties controlling the cash flow of the underlying project have withheld funds and taken inappropriate actions that interrupted cash flow to P4 and its creditors. P4 has commenced an arbitration action against the responsible parties, which it believes will realize sufficient recovery to repay claimants herein in full.

The Stamford Project

P4's most valuable assets are two fee sharing agreements connected to a large mixed-use development project in the waterfront area of Stamford, Connecticut (the "Stamford Project"). The Stamford Project is a 323-acre master development on the waterfront of Stamford, Connecticut with views of New York City. The Stamford Project comprises two major components:

a. Harbor Point Project consists of a 6,000,000 square foot community including 5,000,000 square feet of residential space in over 4,000 units, 400,000 square feet of retail space, 300,000 square feet of office space and 200,000 square feet of hotel space, plus a private school, library, hotel and marina.

b. Gateway Project is a multi-level concrete structure built on the Metro North train station called Gateway Garage that provides parking for 1,800 cars and a 1,000,000 square foot mixed-use Class A+ office space, residential, hotel and retail site. The train station is on the northern boundary of the area comprising the Harbor Point Project.

In January of 2010, following a series of restructurings and buy-outs by and among certain of the original developers and parties that subsequently became involved and invested in the vertical development[1] of the project, P4 entered into two fee sharing agreements with the entities that now own the properties and development rights that comprise the Stamford Project.

An entity called Harbor Point Holding Company, LLC is the holding company for all of the land in the assemblage comprising the Harbor Point Project. Harbor Point Development, LLC ("HPD") is the developer for Harbor Point Holding Company pursuant to a development agreement between those entities.

[1] The initial work on the Stamford Project from the inception until completion of acquisitions, design, and approvals is commonly referred to in the real estate industry as "horizontal development." "Vertical development" generally refers to the actual construction of the planned physical structures.

Gateway Project is owned by Harbor Point Gateway, LLC and Gateway Stamford Development, LLC ("GSD") is the entity with a development agreement with Harbor Point Gateway, LLC.

P4 and HPD, and P4 and GSD, in addition to other nonaffiliated persons and entities, entered into fee sharing agreements in 2010 (the "Fee Sharing Agreements"), which require HPD and GSD, respectively, to pay P4 twenty-five (25%) of the fees generated by HPD and GSD. P4's interests in these agreements are the most valuable assets of P4's Chapter 11 estate.

Between 2010 and 2014 the Debtor received payments upon the Fee Sharing Agreements of many millions of dollars, far in excess of its current debt level.

Beginning in May 2015, HPD and GSD began to "accrue" all fee payments under the Fee Sharing Agreements.

In addition to the improper "accrual" of fees, P4 believes that the companies in control of the vertical development of the Stamford Project underreported payments of fees and amounts generated from the Project between 2010 and 2014 that should have credited substantial sums to P4's benefit under the Fee Sharing Agreements and that they diverted the funds to their own benefit.

HPD and GSD eventually stopped all "accruals" and in April 2016 began to "waive" the right to receive development fees and other payments that otherwise would be distributed to P4. P4 asserts these actions are clear violations of the Fee Sharing Agreements. Even though Harbor Point Holding Company received thereafter hundreds of millions of dollars due to profitable sales of properties, and paid HPD and GSD tens of millions of dollars, HPD and GSD continued to fail to pay over to P4 the fees due P4 under the Fee Sharing Agreements. Thus, P4 asserts it has been cheated by HPD and GSD of many millions of dollars due under the Fee Sharing Agreements.

In the month after P4 commenced its arbitration, the arbitration defendants HPD and GSD sent notice that they would escrow over $4 Million toward accrued fees. P4's share of just this escrowed portion would nearly pay all debt in this chapter 11 case, while P4's demands in the arbitration greatly exceed this sum. The escrow letter is further described below in Section III-E regarding feasibility of the plan.

P4's Liabilities

Rhonda Beninati and her husband had borrowed $900,000 from an entity called MACH MG, LLC ("MACH MG") documented by a note dated December 15, 2014. The loan bears interest of 10.5% and was to be amortized by monthly payments of $22,500 into the first quarter of 2019. In order to provide security for the loan, Mrs. Beninati, as the sole owner of Persistent Holdings I, Inc., P4's sole owner, pledged P4's interest in its Fee Sharing Agreement with HPD as collateral for the loan (the "Pledge Agreement"). Even after the improper accrual and waiving of fees due P4 under the Fee Agreements, timely payments to MACH MG continued for another year. About $372,000 was paid to MACH MG in total, but ultimately the payments could no longer be maintained.

MACH MG issued a notice dated July 27, 2016, seeking collection of the loan and advising of its intention to exercise its rights under the Pledge Agreement as to the HPD Fee Sharing Agreement. Therefore, P4 sought the advice of counsel. Counsel advised that there was significant risk that the Pledge Agreement, appearing to be absolute and not just for purposes of security, and self-activating

upon notice to both sides of the Fee Sharing Agreement, could result in risk of loss of all value in the HPD Fee Sharing Agreement even though the value of the HPD Fee Sharing Agreement far exceeds the amount owed MACH MG. While P4 and Mrs. Beninati had some significant dispute with MACH, MG and believed they had not been properly advised in connection with the loan, they feared a draconian remedy MACH MG seemed to be ready to exercise. Consequently bankruptcy counsel was retained immediately and the emergency petition under Chapter 11 filed.

In addition, as HPD and GSD continued to refuse to pay sums due under the Fee Sharing Agreements, P4 was unable to pay its manager, Joseph Beninati, and other creditors. The insider debt to Mr. Beninati totals about $342,000 and the other debts, one of which includes $12,475 of priority wages, total about $40,000.

B. Insiders of the Debtor

"Insiders" is defined by the Bankruptcy Code at Section 101(31) to include officers and people in control of the Debtor, and their relatives. For this Debtor insiders are Rhonda Beninati as the person in control of the entity that holds the equity in the Debtor, Persistent Holdings I, Inc., and the Debtor's Manager, Joseph Beninati, who is Rhonda Beninati's husband.

C. Management of the Debtor Before and During the Bankruptcy

As described above, the Debtor has been managed since its formation and throughout these Chapter 11 proceedings by Joseph Beninati.

After the Effective Date of the Plan, the Debtor will continue to be managed by Mr. Beninati as the "Post Confirmation Manager." The Post Confirmation Manager's duties and responsibilities are described in Article III.D. of this Disclosure Statement.

D. Significant Events During the Bankruptcy Case

The Debtor commenced the Chapter 11 proceeding by the filing of a voluntary petition in the United States Bankruptcy Court for the District of Connecticut on August 31, 2016 (the "Petition Date"). The case was assigned to Chief Bankruptcy Judge Julie A. Manning presiding in the Bridgeport Division. The Debtor requested that it be authorized to retain Attorney Carl T. Gulliver and his firm Coan, Lewendon, Gulliver & Miltenberger, LLC, of New Haven, Connecticut, as Debtor's general Chapter 11 counsel. The Debtor's application and counsel's statement filed herein pursuant to Rule 2016 of the Federal Rules of Bankruptcy Procedure ("F.R.B.P." or the "Rules") disclosed that the funds for counsel's retention were provided by Rhonda Beninati. The Court entered an order authorizing the retention on October 26, 2016.

The Debtor complied with bankruptcy procedures throughout these proceedings including the filing of schedules and statements and amendments thereafter as necessary, attendance at the meeting held pursuant to Code Section 341 which was continued several times for detailed discussions of the complex assets herein, regular, timely monthly operating reports and payment of Chapter 11 Quarterly Fees pursuant to 28 U.S.C. § 1930(a)(6). The Debtor is a small business debtor as defined by Code Section 101(51)(D) and therefore has filed its proposed plan of reorganization, along with this Disclosure Statement, within the time allowed by Code Section 1121(e)(2).

The assets of this Debtor are passive investments with erratic and minimal cash flow, and the valuable Fee Sharing Agreements that have stopped performing. Consequently, the Debtor sought to retain special counsel for litigation purposes to force payment of the Debtor's valuable rights under the Fee Sharing Agreements. Because of the complexity of the rights represented by these agreements and the history of the Stamford Project development that established the Fee Sharing Agreements, it was critical that P4 retain an experienced litigation attorney. Jeffrey Hellman was retained for this purpose. In connection with enforcement of the Fee Sharing Agreements Mr. Hellman agreed to represent the Debtor for a contingency fee of 10% plus costs.

Mr. Hellman also was needed to assert defenses against MACH MG and litigate claims against MACH MG and one of its principals. This part of the representation was requested to be paid on an hourly basis.

An order was entered by the Court on December 16, 2016, granting Mr. Hellman's retention for both purposes.

On behalf of the Debtor, Mr. Hellman commenced, at the end of November 2016, an arbitration before the American Arbitration Association against HPD and GSD for violations of the Fee Sharing Agreements. As of the date of this Statement an initial pre-trial conference session has been conducted and an arbitration trial has been set for up to five days in October 2017.

E. Projected Recovery of Avoidable Transfers

Debtor believes after review of its records, that there are no avoidable transfers.

F. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

G. Current and Historical Financial Conditions

As of close of the most recent month before this First Amended Statement, June 2017, P4's Debtor in Possession account held $15,409. As described above, the assets of this Debtor are highly illiquid, and they are difficult to value with certainty. Nonetheless based on substantial experience in real estate development P4 has valued the assets as carefully as possible. In essence, the assets fall in two baskets.

The first contains a variety of interests in real estate entities each of which is a passive real estate-based asset or claim, none of which is controlled by the Debtor and all of which are entirely illiquid. Included among this group of assets is Debtor's interests in Antares RECO, LLC and Endurance Holdings, LLC. Debtor occasionally receives a small distribution from certain of these assets which, if received during the plan performance period, can be utilized by the Post-Confirmation Manager to either pay litigation costs or to contribute to disbursements under the Plan. As Debtor has no control and the assets, to the extent within the knowledge of Debtor's manager, are not expected to be liquidated for years, this group of assets is not expected to contribute to funding the Plan in any material way.

The second basket of assets comprises the two Fee Sharing Agreements, along with the disputed claims associated therewith. It is from these assets that Debtor expects to fund the Plan through anticipated recovery from the pending arbitration described above. Debtor has valued these assets at $42,470,000 plus $967,457 in receivables due at the Petition Date. While values of arbitration claims are speculative, Debtor anticipates successful resolution of this arbitration in a sum, net of attorney fees and costs, far in excess of the total disbursements required under the Plan. In addition, the timing of such resolution also can only be an estimate, but Debtor projects that a successful resolution will be achieved before the end of 2017.

Although Debtor had listed various other potential claims, on careful review by Debtor and its counsel, Debtor has determined that any such claims do not belong to this Debtor or shall not be pursued as they are not viable with the exception of claims related to the MACH MG loan which are part of the Settlement Agreement appended hereto as Exhibit A.

III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. What is the Purpose of the Plan of Reorganization?

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent has *not* placed the following claims in any class:

1. *Administrative Expenses*

Administrative Expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative Expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all Administrative Expenses be paid on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment.

The following Chart lists the Debtor's estimated outstanding administrative expenses projected at confirmation, and their proposed treatment under the Plan. Such estimates are provided for purposes of projection and planning only; the actual Allowed amounts shall be determined by court order upon application pursuant to applicable bankruptcy law and rules. The Allowed amounts may be lower or higher than the estimated amounts.

Type	Estimated Amount	Proposed Treatment
Expenses Arising in the Ordinary Course of Business After the Petition Date	$0	Paid in full on the Effective Date of the Plan, or According to terms of obligation if later
Value of Goods Received in The Ordinary Course of Business Within 20 Days Before the Petition Date	$0	Paid in full on the Effective Date of the Plan, or According to terms of obligation if later
Professional fees, each subject to approval by the Court Allen Kosowsky, CPA Jeffrey Hellman Coan Lewendon	 $ 85,000 $ 40,000 plus contingency[2] $28,000	Paid in Full on the Effective Date of the Plan or thereafter upon Allowance by Court Order if such fees have not been approved by the Court on the Effective Date of the Plan, or, after Allowance, in accordance with separate agreement between the respective professionals and Debtor or its principal.
Clerk's Office fees	$0	Paid in full on the Effective Date of the Plan
Other Administrative expenses	$0	Paid in full on the Effective Date of the Plan or According to separate written agreement
Office of the U.S. Trustee Fees	$325	Paid in full on the Effective Date of the Plan
Total estimate (before contingency fee)	$173,325	

2. *Priority Tax Claims*

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding five (5) years from the order of relief.

The Debtor's believes it owes no § 507(a)(8) priority tax claims.

C. Classes of Claims and Equity Interests

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

Class 1. Priority Claims

[2] Attorney Hellman is retained for purposes of the AAA arbitration on a 10% contingency fee, plus costs, subject to application to, and approval by, the Court upon the conclusion of the arbitration. Other fees are billed hourly, and also are subject to approval. His hourly billings on prior services which were the subject on an interim application through March 23, 2017, were $16,100, and filing fee costs paid through said date for AAA arbitration were about $43,600. Of these sums the Debtor has paid about $20,000.

All Allowed Claims entitled to priority under § 507 of the Code excluding insider claims, Administrative Expenses and Priority Tax Claims. This class includes one claim in the statutory maximum amount of $12,475.

Class 2. The Allowed Claim of MACH MG, LLC

Class 3. General Unsecured Claims

All non-insider unsecured claims Allowed under § 502 of the Code. This class consists of three claims totaling about $27,000.

Class 4. Insider Claims

Insider Claims including both Priority Wage and unsecured claims to the extent Allowed under § 502 of the Code. This class consists of one claim for unpaid wages of Debtor's manager of about $342,000 in total.

Class 5. Equity interests of the Debtor.

Classes of Priority Unsecured Claims

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the Effective Date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

Class	**Impairment**	**Treatment**
Class 1 – Priority Claims	Impaired	Insider Priority Claim by agreement shall be treated under Class 4 below. Non-insider Priority Claims shall be paid in full, with interest at the Plan Rate from Effective Date to date of payment, upon Debtor's receipt of sufficient proceeds from any distributions or arbitration settlement or any other funds that may become available to Debtor. Payment may be made in one or more distributions after adequate reserve, in the sole discretion of Debtor's manager, for Debtor's operations including Chapter 11 Quarterly Fees and arbitration or litigation costs.

Class of MACH MG, LLC

This class includes any and all claims of MACH MG, LLC, which shall be treated as follows:

Class	**Impairment**	**Treatment**

Class 2 – Claims of MACH MG, LLC	Impaired	Without the intention to limit or alter the terms of the Settlement Agreement appended hereto to as Exhibit A and incorporated herein by this reference in its entirety (the "Settlement Agreement") the claim of MACH MG, LLC, shall be paid up to $1,450,000 if paid by January 31, 2018, or such lesser amount as may be provided in Paragraph 3 of the Settlement Agreement if and only if the payment via wire transfer is made by the dates specified in said paragraph. Payment to Class 2 is subject to reduction by up to $25,000 in certain circumstances as set forth in Paragraph 8 of the Settlement Agreement as provided for in the treatment of Class 3, below. While Debtor disputes that Claimant holds a properly perfected security interest, to the extent that Claimant holds any lien it shall retain any and all such liens it holds at the Petition Date, and that it holds pursuant to the Settlement Agreement, until paid.

Class of General Unsecured Claims

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code.

The following chart identifies the Plan's proposed treatment of Class 3 containing general unsecured claims and Class 4 containing all insider claims against the Debtor:

Class	**Impairment**	**Treatment**
Class 3 – General Unsecured Claims	Impaired	Non-Insider general unsecured claims shall be paid in full with interest at the Plan Rate from the Effective Date to date of payment upon Debtor's receipt of sufficient proceeds from any distributions or arbitration settlement or any other funds that may become available to Debtor. If made upon receipt of arbitration settlement or order, disbursement to Class 3 shall be made within fourteen (14) days of receipt of cleared funds. Payment may be made in one or more distributions after adequate reserve, in the sole discretion of Debtor's Manager, for Debtor's operations including Chapter 11 Quarterly Fees and arbitration or litigation costs. If funds available upon payment of Class 2 are insufficient to pay Class 3 in full in accordance herewith, at the time of disbursement to Class 2, then payment to Class 3 shall be enhanced by payment of up to $25,000 from funds otherwise due Class 2 in accordance with

		Paragraph 8 of the Settlement Agreement.
Class 4 – Insider Claims	Impaired	Insider claims shall be subordinate to all payments to senior Classes 1, 2 and 3 until same are fully paid.

Class of Equity Interest Holders

Equity interest holders are parties who hold an ownership interest (i.e., equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company ("LLC"), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

The following chart sets forth the Plan's proposed treatment of the class of equity interest holders:

Class	**Impairment**	**Treatment**
Class 5 – Equity Security Holders Of the Debtor	Unimpaired	Equity Security Holder shall maintain 100% ownership of equity in Reorganized Debtor, but shall receive no disbursements or other benefits of such ownership until such time as Classes 1, 2, and 3 are fully paid.

D. Means of Implementing the Plan

The post-confirmation manager of the Reorganized Debtor shall be Joseph Beninati (the "Post-Confirmation Manager"). The Post-Confirmation Manager shall be charged with compliance of the Reorganized Debtor with the terms of this Plan.

The arbitration against Harbor Point Development, LLC, Gateway Stamford Development, LLC, and any and all claims therein or that may arise in connection therewith, are preserved for the benefit of this estate and the Reorganized Debtor.

Within fourteen (14) days of conclusion of the arbitration Debtor shall file and shall serve on all parties in interest a notice describing the outcome. The Reorganized Debtor shall apply all proceeds from the pending arbitration of the Fee Sharing Agreements claims against Harbor Point Development, LLC and Gateway Stamford Development, LLC, before the American Arbitration Association, net of fees and costs owed its professionals arising from the arbitration, to the extent necessary to pay all Allowed Administrative Expenses and claims pursuant to provisions of the Plan. Disbursement to Classes 1, 2, and 3, shall be made within fourteen (14) days after the latter of receipt of cleared funds from the arbitration or the date the Confirmation Order becomes a Final Order.

Should other funds become available prior to the receipt of the arbitration proceeds sufficient in the sole discretion of the Post-Confirmation Manager to allow an interim distribution after reservation for operations, the Post-Confirmation Manager may make an interim distribution to Administrative Expenses or claims or both.

The Reorganized Debtor assumes and shall pay its normal operating costs and business expenses, which are very minimal, whether pending at Confirmation or arising thereafter, as and when due. Through or under the direction of the Post-Confirmation Manager, from cash on hand at the Effective Date and future receipts, including advances if necessary by the Reorganized Debtor's equity holder or its owner, Rhonda Beninati, the Reorganized Debtor shall pay its operating expenses including Chapter 11 Quarterly Fees. The Reorganized Debtor will pay its post-confirmation legal fees and costs to its general chapter 11 counsel when billed or as agreed without the necessity of further Court authority.

Secured Creditors whose claims are fully paid shall provide upon payment to the Reorganized Debtor a recordable originally executed release of any security interests and the return of any original pledge or similar documents.

If all of the applicable requirements of Bankruptcy Code § 1129(a), other than § 1129(a)(8) thereof, are met with respect to the Plan, the Debtor requests that the Bankruptcy Court, pursuant to § 1129(b), confirm the Plan notwithstanding the requirements of § 1129(a)(8) if the Plan does not discriminate unfairly and is fair and equitable with respect to each rejecting class.

The Reorganized Debtor may file an application to the Court for entry of a final decree at any time after substantial consummation.

Post-confirmation Management

The Post-Confirmation Manager of the Debtor, and his compensation, shall be as follows:

Name	Affiliation	Insider (Y or N?)	Position	Compensation
Joseph Beninati	Manager and spouse of sole equity holder	Yes	Post-Confirmation Manager	No compensation pending full performance of plan

E. Risk Factors and Feasibility

The proposed Plan has the risk that the arbitration will not be resolved or that the resolution will not be in the Debtor's favor. While the precise amount of recovery is unknown, of course, Debtor's manager believes failure to recover a net amount far in excess of the claims herein is extremely remote. Debtor has some assurance of a lower limit of collection in that the arbitration defendants have funded an escrow in connection with the arbitration acknowledging liabilities to a certain extent under the Fee Sharing Agreements. The escrow is in the amount of $4,335,221.76, and P4's share would be $1,083,805.44. The escrow is described by the defendants in a letter of December 9, 2016, from Mr. Paul Kuehner under the letterhead of GSD and HPD, to P4 and others, which is appended hereto as Exhibit B.

F. Executory Contracts and Expired Leases

To the best of Debtor's knowledge Debtor has no executory contracts or unexpired leases; however, to the extent that the Fee Sharing Agreements could be construed executory, the Debtor specifically has included them as assumed contracts. The Plan, in Schedule 6.01, shall list any others of which Debtor becomes aware and wishes to assume. Assumption means that the Debtor has elected to

continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

All executory contracts and unexpired leases that are not listed in Schedule 6.01 of the Plan will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the plan.

The Deadline for Filing a Proof of Claim Arising from the Rejection of a Lease or Contract is set by the Plan as 15 days of after Confirmation. Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court orders otherwise.

G. Tax Consequences of Plan

Creditors and Equity Interest Holders concerned with how the Plan may affect their tax liability should consult with their own accountants, attorneys, and advisers.

The Debtor has no opinion of tax counsel or accounting professional, and no rulings of any federal, state, or local taxing authority has been or will be requested in connection with this Plan. As a single member limited liability company Debtor's tax reporting is made through its equity holder. Debtor believes that no tax consequences will be realized by this estate.

Implementation of the contemplated Plan also may result in federal and state tax consequences to creditors from payment of their claims. The tax consequences may vary depending on the particular circumstances or facts regarding the claim and claimant or equity holder. For instance claimants receiving distribution on a claim for wages or hourly pay will receive, if required, a 1099 form and the gross income which they will be required to report on their taxes without any withholding by this Debtor. Consequently, creditors and holders of equity securities are urged to consult with their own tax professionals in order to determine the tax implications of the Plan under applicable law and their particular circumstances.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the following requirements: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are <u>not</u> the only requirements listed in § 1129, and they are not the only requirements for confirmation.

A. Who May Vote of Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that all classes are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan.

1. *What is an Allowed Claim or an Allowed Equity Interest?*

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a), F.R.B.P.

The deadline for filing a proof of claim in this case was January 3, 2017.

2. *What is an Impaired Claim or Impaired Equity Interest?*

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is impaired under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

3. *Who is **Not** Entitled to Vote*

The holders of the following five types of claims and equity interests are *not* entitled to vote:

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not "allowed claims" or "allowed equity interests" (as discussed above), unless they have been "allowed" for voting purposes
- holders of claims or equity interests in unimpaired classes;
- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and
- holders of claims or equity interests in classes that do not receive or retain any value under the Plan;
- administrative expenses.

Even if you are not entitled to vote on the Plan, you may have a right to object to the confirmation of the Plan.

4. *Who Can Vote in More than One Class*

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

B. **Votes Necessary to Confirm the Plan**

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cram down" on non-accepting classes, as discussed below in Section B.2.

1. *Votes Necessary for a Class to accept the Plan*

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. *Treatment of Nonaccepting Classes*

Even if one or more impaired classes reject the Plan, the court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a "cram down" plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual conformation except the voting requirements of § 1129(a)(8) of the Code, does not "discriminate unfairly," and is "fair and equitable" toward each impaired class that has not voted to accept the Plan.

You should consult your own attorney if a "cramdown" confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

C. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. As described herein the assets are substantially illiquid and it is likely a chapter 7 liquidation by a trustee would bring significantly less than Debtor, under present management, would be able to raise herein through its arbitration. Still, as debtor's Plan undertakes to pay claims in full, creditors will do no better in chapter 7 and, depending on the recovery, might in chapter 7 suffer the costs of the additional level of administration even reducing the recovery to less than 100%.

D. Feasibility

The Court must 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 or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan. The Plan, however, is a partial liquidation, as is allowed under the Code, in that Debtor shall collect the value of the Fee Sharing Agreements and distribute that until claims are fully paid.

1. *Ability to Initially Fund Plan*

The Plan Proponent believes that the Debtor will have enough cash on had on the Effective Date of the Plan to pay all the claims and expenses that are entitled to be paid on that date except as has been otherwise agreed.

2. *Ability to Make Future Plan Payments and Operate Without Further Reorganization*

Debtor's equity holder will contribute enough cash over the life of the Plan to operate the business as necessary until the Fee Sharing Agreement claims can be liquidated.

V. MISCELLANEOUS PROVISIONS

A. Resolution of Indebtedness

As of the date of distribution to Classes 1, 2, and 3, the Debtor will be fully absolved of any non-insider debt that arose before the confirmation of this Plan to the extent specified in § 1141(d)(1)(A) of the Code, except that notwithstanding the foregoing, the Debtor will be absolved of any debt to MACH MG only as set forth in the Settlement Agreement.

B. Modification of Plan

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or revoting on the Plan. The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated and (2) the Court authorizes the proposed modifications after notice and a hearing.

C. Final Decree

Once the estate has been fully administered, as provide in Rule 3022, F.R.B.P., the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion

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Dated this 12th day of July 2017.

Respectfully submitted,

Persistence Partners IV LLC

By: /s/ Rhonda Beninati
Rhonda Beninati, as sole shareholder of Persistent Holdings I, Inc., the sole member of the Debtor,
Duly Authorized

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EXHIBITS

A. Settlement Agreement with MACH MG, LLC

B. Letter of December 9, 2016, from Mr. Paul Kuehner to Joseph Beninati and others