

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

IN RE:	:	CHAPTER 11
	:	
THE SEVEN GROUP	:	CASE NO. 16-51259 (JAM)
HOLDINGS, LLC	:	
	:	
Debtor	:	
_____	:	JANUARY 23, 2017

**FIRST AMENDED DISCLOSURE STATEMENT FOR
PLAN OF REORGANIZATION OF
THE SEVEN GROUP HOLDINGS, LLC**

RESPECTFULLY SUBMITTED,

THE DEBTOR:
THE SEVEN GROUP HOLDINGS, LLC

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INTRODUCTION AND DISCLAIMER

The Seven Group Holdings, LLC, debtor and debtor-in-possession (the “Debtor”), submits this disclosure statement (the “Disclosure Statement”) pursuant to Section 1125 of the Bankruptcy Code, for use in the solicitation of votes on the Chapter 11 Plan for the Debtor (the “Plan”), proposed by the Debtor and filed with the Bankruptcy Court contemporaneously with the filing of this Disclosure Statement. A copy of the Plan is annexed hereto as an exhibit. This Disclosure Statement also describes the terms and provisions of the Plan, including certain alternatives to the Plan, certain effects of confirmation and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that holders of Claims against and Interests in the Debtor must follow for their votes, if any, to be counted. All capitalized terms not defined in this Disclosure Statement shall have the meanings ascribed to such terms in the Plan.

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

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

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

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

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

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

THE PLAN PROVIDES A DISTRIBUTION TO CREDITORS IN FULL PAYMENT OF ALL OF THE ALLOWED CLAIMS, WITH INTEREST.

I. GENERAL INFORMATION

A. Definitions and Clarifications.

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

B. Purpose.

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

C. Notice to Holders of Claims and Interests.

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

PLEASE MAKE NOTE OF AND ATTEND TO THE FOLLOWING:

- By order entered _____, 2017, the Bankruptcy Court approved this Disclosure Statement as containing information of a kind and in sufficient and adequate detail to enable such holders of Claims and Interests to make an informed judgment with respect to acceptance or rejection of the Plan.
- The Bankruptcy Court's approval of this Disclosure Statement does not constitute either a guaranty of the accuracy or completeness of the information contained herein or an endorsement of the Plan by the Bankruptcy Court.
- No representations concerning the Debtor or the value of its assets have been authorized by the Bankruptcy Court other than as set forth in this Disclosure Statement.
- The financial information contained in this Disclosure Statement has not been audited by a certified public accounting firm and has not necessarily been prepared in accordance with generally accepted accounting principles.

II. DESCRIPTION OF THE DEBTOR AND THE CHAPTER 11 CASE

A. Background of the Debtor.

The Debtor is a Florida limited liability company that purchases, rehabilitates, and sells real estate. Debtor is a holding company with no employees or post-petition operating revenue. The Debtor is owned 50% by The 6 Group, LLC and 50% by Cruz East Venture, LLC. In August of 2016, Debtor sold a rehabilitated parcel of real estate it owned in North Babylon, New York.

The Debtor currently owns one piece of property located at 440 Black Rock Turnpike, Redding, Connecticut (the "Property").

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

Prior to the Petition Date, on or about April 24, 2015, Debtor refinanced the Property. Debtor borrowed \$320,000.00 from Joseph Spinelli and John Sorice (the "Lenders") to pay off existing encumbrances and to provide \$100,000.00 of working capital to complete the rehabilitation of the Property (the "Loan"). Following the closing of the Loan, Lenders failed to advance the \$100,000.00 of working capital to Debtor, meaning the rehabilitation of the Property could not be completed.

On or about May 25, 2016, Lenders commenced a foreclosure proceeding in Danbury Superior Court, styled *Joseph Spinelli v. The Seven Group Holdings, LLC*, Case No. DBD-CV-16-6019918S (the "State Court Case"). On July 25, 2016, a judgment of strict foreclosure was entered in the State Court Case and a law day was set for September 20, 2016. The Debtor filed its Chapter 11 Voluntary Petition on September 20, 2016 (the "Petition Date") in order to protect the Debtor's interest in the Property.

C. Debtor's Proposed Reorganization; Claims Against Lenders

Using capital infusions by its equity holders, the Debtor will complete construction of the Property by approximately February 1, 2016. The Debtor will then market and sell the Property and pay all holders of Allowed Claims in full. The Lenders' Claim is disputed. Thus, proceeds from a sale of the Property sufficient to pay Lenders' Disputed Claim will be held in escrow pending resolution of Lender's Disputed Claim. To ensure Lenders do not disrupt any proposed sale, the Debtor will request that any sale of the Property be "free and clear" of any claims or liens of the Lenders pursuant to Section 363(b) of the Bankruptcy Code.

The Debtor believes it has a claim against the Lenders for, *inter alia*, breach of contract as a result of the Lenders' failure to tender the full amount of the Loan that was contemplated by the loan commitment letter (the "Commitment Letter") between the Debtor and Lenders. The Commitment Letter stated that the loan amount was \$320,000.00 and was void of any type of hold-back of funds by the Lender to the Debtor. It was not until after the closing for the Loan that the Debtor was informed the Lenders were going to hold back payment to the Debtor of \$100,000.00, but the Lenders represented that the payment would be remitted to the Debtor within a few weeks. To date, the Debtor has not received any executed closing documents from the Lenders, and the Lenders have only tendered \$220,000.00 of the contemplated Loan payment. As such, the Debtor intends on initiating an adversary proceeding against the Lenders

for breach of contract for the Lenders' unlawful holdback and the attendant damages. Further, Debtor seeks to reduce or invalidate Lenders' mortgage lien on account of Lenders' breach of contract.

Should the Debtor be unable to sell the Property it will seek to refinance and pay off all Allowed Claims, no later than November 1, 2017. Should the Debtor be unable to sell or refinance the Property, the Plan will fail and the Property will be sold by way of foreclosure auction.

D. Description of the Debtor's Remaining Assets and Liabilities.

a. The Debtor's Assets

This is a single-asset real estate case. Accordingly, the Debtor's only material asset is the Property. The Property is a single family residence appraised by Chapman Appraisal Group, Inc. on June 30, 2016 to have a fair market value of \$280,000.00.

b. The Debtor's Liabilities

The total Claims against the Debtor are as follows:

<u>Creditor</u>	<u>Amount</u>	<u>Status</u>
Joseph Spinelli and John Sorice	\$263,784.24	Secured, Disputed
Town of Redding Tax Collector	\$10,374.57	Secured, Undisputed
Redding Fire District	\$321.27	Secured, Undisputed
IRS	\$225.90	Priority Unsecured, Undisputed
IRS	\$780.00	Unsecured, Undisputed
Eversource	\$162.62	Unsecured, Undisputed
TOTAL	\$275,648.60	

The deadline for Creditors to file proofs of claim in the Chapter 11 Case was January 17, 2017.

III. PLAN VOTING INSTRUCTIONS AND PROCEDURES

A. Summary of the Plan.

Pursuant to the Plan, Debtor will complete construction and renovation of the Property and sell it. Debtor anticipates that the sale price of the Property will be in excess of the appraised value of \$280,000. This valuation is based on the knowledge and experience of Hernan Benitez, Debtor's manager, whose business is the redevelopment of real estate such as the Property. It is anticipated that the Property will be ready for marketing and sale on or about February 28, 2017, subject to weather conditions impacting completion of exterior items. Attached hereto, as Exhibit A, is a list of items needed to be completed. The total cost of completion is estimated to be \$33,900.00.

Upon completion of construction, the Debtor will retain a real estate agent to market and sell the Property. It is estimated that the sale will close in six to nine months from the listing date.

In order to ensure sufficient resources are available to complete construction, Debtor's equity holders have agreed to make capital contributions sufficient to (a) complete construction, (b) maintain the property, and (c) pursue litigation as set forth above.

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

Class	Eligible to Vote	Treatment
Administrative Claims and Priority Tax Claims	No – Deemed to Accept	Payment in Full on Effective Date
Class 1: Spinelli and Sorice	No – Deemed to Accept	Payment in Full on Effective Date
Class 2: Town of Redding Tax Collector	No – Deemed to Accept	Payment in Full on Effective Date
Class 3: Redding Fire District	No – Deemed to Accept	Payment in Full on Effective Date
Class 4: General Unsecured Claims	No – Deemed to Accept	Payment in Full on Effective Date
Class 5: Interests	No – Deemed to Accept	Interest Holders will retain their Interests

B. Classification of Claims.

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

3.1 Class 1 – Disputed Claim of Joseph Spinelli and John Sorice: Class 1 consists of claims related to the mortgage granted to the Debtor by the Lenders.

3.1.1: Amount of Claim: \$263,784.24

3.1.2: Impairment/Voting: Class 1 will be paid in full, is unimpaired, and is not eligible to vote. Debtor disputes this Claim.

3.2 Class 2 – Town of Redding Tax Collector: Class 2 consists of the real estate tax claims secured by the Property.

3.2.1: Amount of Claim: \$10,374.57

3.2.2: Impairment/Voting: Class 2 will be paid in full, is unimpaired, and is not

eligible to vote.

3.3: **Class 3 – Redding Fire District:** Class 3 consists of claims of the Redding Fire District's claim secured by a tax lien on the Property.

3.3.1: Amount of Claim: \$321.27

3.3.2: Impairment/Voting: Class 3 will be paid in full, is unimpaired, and is not eligible to vote.

3.4: **Class 4 – Unsecured Claims:** Class 4 consists of all Allowed Unsecured Claims.

3.4.1: Amount of Claim: \$942.63

3.4.2: Impairment/Voting: Class 4 will be paid in full, is unimpaired, and is not eligible to vote.

3.5: **Class 5 – Membership Interests:** Class 5 consists of all Allowed Membership Interests.

3.5.1: Amount of Interest: To be determined/unknown.

3.5.2: Impairment/Voting: Class 5 is unimpaired and deemed to accept the Plan.

IV. VOTING AND ACCEPTANCE OF THE PLAN

A. Voting and Acceptance of the Plan.

The Bankruptcy Court has scheduled a hearing to be held on January 24, 2017 to approve this Disclosure Statement and a hearing on _____, 2017 to confirm the Plan. No Class of Claims is Impaired (i.e., all Creditors and Interest holders shall receive 100% of their Allowed Claims). Therefore, no vote on the Plan is required because all Classes are presumed to have accepted the Plan pursuant to Section 1126(f) of the Bankruptcy Code.

B. Confirmation of the Plan.

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

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

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

Acceptance by Impaired Class. Each Class of Allowed Claims and each Class of Interests must either vote to accept the Plan or be deemed to accept the Plan. The Debtor believes that the Plan meets the acceptance requirement because the Claims and Interests of all Classes are unimpaired.

Feasibility. The Bankruptcy Court is required to find that the Plan is likely to be implemented and that parties required to perform or pay monies under the Plan will be able to do so. The Debtor believes that the Plan is feasible and that the Bankruptcy Court will so find because the monies to consummate the Plan will come from the Debtor's sale of the Property for an amount greater than the Debtor's liabilities.

"Best Interest" Test. The Bankruptcy Court must find that the Plan is in the "best interest" of all Creditors. To satisfy this requirement, the Bankruptcy Court must determine that each holder of an Allowed Claim against, or Interest in, the Debtor: (i) has accepted the Plan; or (ii) will receive or retain under the Plan money or other property which, as of the Effective Date, has a value not less than the amount such holder would receive if the Debtor's property was liquidated under Chapter 7 of the Bankruptcy Code on such date. Because the Plan calls for payment of 100% of all Allowed Claims and all Classes are deemed to have accepted the Plan, the "Best Interest" test is clearly satisfied.

Procedure. To confirm the Plan, the Bankruptcy Court must hold a hearing to determine whether the Plan meets the requirements of Section 1129 of the Bankruptcy Code (the "Confirmation Hearing"). The Confirmation Hearing is currently scheduled for _____, 2017.

Objection to Confirmation. Any party-in-interest may object to the Confirmation of the Plan and appear at the Confirmation Hearing to pursue such objection. The Bankruptcy Court has set _____, 2017 as the deadline for filing and serving upon the Debtor and Debtor's counsel objections to Confirmation of the Plan.

V. TREATMENT OF CLAIMS AND INTERESTS

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

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

escrow the full amount of the Administrative Claim until the Court determines the validity, nature and extent of the Allowed portion of any Administrative Claims. The Debtor does not believe any claims are subject to an administrative priority pursuant to Section 502(b)(9).

5.2 Omitted.

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

5.3.1 **Priority Tax Claims:** Priority tax claims, if not paid on the Effective Date of the Plan, will be paid in full within 5 years of the Petition Date with interest at the relevant statutory rate in effect on the Effective Date of the Plan.

5.4 **Treatment of Class 1 – Disputed Secured Claim of Joseph Spinelli and John Sorice:** The Disputed Secured Claim of Class 1 (related to the Loan made by Lenders to the Debtor) shall be paid in full on the Effective Date of the Plan, to the extent that it becomes an Allowed Claim.

5.4.1 **Description of Dispute with Lenders:** Debtor borrowed \$320,000.00 from Lenders to pay off existing encumbrances and to provide \$100,000.00 of working capital to complete the rehabilitation of the Property. Following the closing of the Loan, Lenders failed to make the \$100,000.00 of working capital available to Debtor, meaning the rehabilitation of the Property could not be completed. Accordingly, Debtor intends to (a) object to the Claim of Lenders and (b) seek damages against Lenders, for their breach of contract.

5.4.2 **Payment of Disputed Secured Class 1 Claim:** No payment on the Disputed Class 1 Secured Claim shall be made until resolution of the above referenced dispute. Upon closing on a sale of the Property, any proceeds that would provisionally be due (up to a maximum of the amount set forth in any proof of claim that is filed by the Lenders, or has been scheduled by the Debtor on Schedule A/B of its Bankruptcy Schedules) shall be held in escrow pending a final, non-appealable judgment determining the nature, extent and enforceability of the Lenders' Class 1 Claim, or other final resolution of said dispute. No payment shall be made to the Lenders unless and until the Disputed Class 1 Secured Claim becomes an Allowed Claim. The Debtor shall establish an escrow account with First American Title Insurance Company ("FATIC") or such other escrow agent as may be agreed to between the parties, to hold any such escrowed funds pending resolution of the Disputed Class 1 Secured Claim. If the Disputed Class 1 Secured Claim is disallowed, the escrowed funds shall revert to the Debtor free and clear of any claims of Lenders.

5.4.3 **Voting Rights:** Since all Allowed Claims will be paid in full on the Effective Date, no Classes may vote on the Plan and all are deemed to accept the Plan. Further, the Lender's Claim is disputed, thus, Class 1 is not entitled to vote. *See* 11 U.S.C. §§ 1126(a),

502(a).

5.5 Treatment of Class 2 – Town of Redding Tax Collector: The Claim of Class 2 shall be paid in full plus the statutory rate of interest on the Effective Date of the Plan. Interest shall accrue from the Petition Date through the Effective Date.

5.5.1 Amount of Class 2 Claims: \$10,374.57

5.5.2 Voting Rights: Since all Allowed Claims will be paid in full on the Effective Date, no Classes may vote on the Plan and all are deemed to accept the Plan.

5.6 Treatment of Class 3 – Redding Fire District: The Claim of Class 3 shall be paid in full plus the statutory rate of interest on the Effective Date of the Plan. Interest shall accrue from the Petition Date through the Effective Date.

5.6.1 Amount of Class 3 Claims: \$321.27

5.6.2 Voting Rights: Since all Allowed Claims will be paid in full on the Effective Date, no Classes may vote on the Plan and all are deemed to accept the Plan.

5.7 Treatment of Class 4 – Unsecured Claims: Class 4 (General Unsecured Claims) shall be paid in full plus interest at four and one-half percent (4.5%) per annum simple interest, on the Effective Date of the Plan. Interest shall accrue from the Petition Date through the Effective Date.

5.7.1 Amount of Allowed General Unsecured Claims: \$942.63

5.7.2 Voting Rights: Since all Allowed Claims will be paid in full on the Effective Date, no Classes may vote on the Plan and all are deemed to accept the Plan.

5.8 Treatment of Class 5 – Membership Interests: Each member holding an Allowed Membership Interest shall receive and retain in full all of the current Membership Interests in the same percentages currently held by such Member. Interests are unimpaired and Class 5 shall be deemed to accept the Plan.

VI. IMPLEMENTATION OF THE PLAN

6.1 Means for Funding the Plan. The Debtor intends to use capital contributions from its members to complete the rehabilitation of the Property. The timeline for completing the renovations is approximately February 28, 2017 (subject to weather delays regarding exterior work). Upon completion of construction, Debtor intends on retaining a real estate broker and listing the Property for sale. Post-Petition, the Debtor's Equity Holders have contributed approximately \$7,500 towards completion of the Property and intend to contribute at least \$10,000 more, or such amounts as necessary to complete the rehabilitation.

It is anticipated that the marketing and sale process will take six to nine months.

Upon a sale of the Property and closing, all Creditors will be paid their Allowed Claims. Thus, the Plan will have an outside Effective Date of November 1, 2017; provided however, that if the Property sells prior to November 1, 2017, the Plan will become effective on closing and Creditors will be paid their Allowed Claims on the earlier closing date. If the Debtor is unable to sell the Property within this time frame, the Debtor will seek to refinance the Property and pay off all Allowed Claims on the Effective Date.

6.1.1 Sale of Assets Free and Clear of Liens Pursuant to Section 363(b) and (f) of the Bankruptcy Code. The Sale of the Property shall be free and clear of claims and liens in accordance with Section 363(b) and (f) of the Bankruptcy Code. The Debtor is hereby authorized and directed to take any and all actions reasonably necessary or appropriate to: (i) consummate both the sale of the Property (the “Sale”); (ii) retain an appropriate broker (subject to Court approval) to market and sell the Property; (iii) perform, consummate, implement and fully close the transactions contemplated and reasonably necessary to sell the Property; and (iv) to draft and execute any and all additional instruments and documents that may be reasonably necessary or desirable to sell the Property.

6.1.1.1 Upon the closing of a sale of the Property, the Property and all personalty, fixtures, and other assets transferred, sold, and delivered to buyer (collectively, the “Assets”) shall be free and clear of all encumbrances, obligations, liabilities, contractual commitments, claims (including, without limitation, any theory of successor liability, de facto merger, or substantial continuity, whether based in law or equity), employee benefit obligations, any security interest, mortgage, lien, charge against or interest in property, adverse claim, claim of possession, right of way, license, easement or restriction of any kind (including, but not limited to, any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership or any option to purchase), option, charge, or retention agreement that is intended as security or other matters, of any person or entity, that encumber or relate to or purport to encumber or relate to the Assets.

6.1.1.2 No buyer of the Assets shall be deemed a successor to the Debtor or its estate by reason of any theory of law or equity, and no buyer shall assume, or in any way be responsible for, any liability or obligation of the Debtor or its estate, except as expressly provided to the contrary in the documents and/or deed associated with an ultimate sale of the Assets (the “Sale Documents”).

6.1.1.3 Effective on the closing date of the sale of the Assets, except as otherwise expressly provided for in the Sale Documents, all entities (including, but not limited to, the trustees, creditors, employees, former employees and shareholders, administrative agencies, governmental departments, secretaries of state, federal, state and local officials), maintaining any authority relating to environmental laws, and their respective successors or assigns, shall be permanently and forever barred, restrained and enjoined from commencing or continuing in any manner any action or other proceeding of any kind against the buyer as alleged successor or otherwise with respect to any interests arising out of or related to the Sale of the Assets.

6.1.1.4 Each and every term and provision of the Sale Documents, together with the terms and provisions of the Confirmation Order, shall be binding in all respects upon the Debtor, its estate, its creditors, all other entities and third parties, administrative agencies, governmental departments, secretaries of state, federal, state and local officials, maintaining any authority relating to environmental laws, and their respective successors or assigns, including, but not limited to all non-debtor parties to the assumed contracts that may be assigned to any buyer under the Sale Documents and persons asserting any interest against or interest in the Debtor, its estate, or any of the Assets to be sold to any buyer, irrespective of any action commenced that contests the Debtor's authority to sell and assign the Assets or that seeks to enjoin such Sale or assignment.

6.1.1.5 Except as otherwise expressly provided for in the Sale Documents, all entities holding interests of any kind and nature are hereby barred from asserting such interests against the buyer of the Assets or the Assets.

6.1.1.6 Effective upon the transfer of the Assets to a buyer of the Assets at the closing, the interests of any claim holders or lien holders shall attach to the proceeds of the sale with the same force, validity, priority and effect, if any, as the interests formerly held against the Assets. The Plan, the Confirmation Order and the provisions contained therein, shall be effective as a determination that, upon closing, all interests existing as to the Assets conveyed to any buyer have been and hereby are adjudged and declared to be unconditionally released, discharged and terminated, and (b) shall be binding upon and govern the acts of all entities (including all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies or units, governmental departments or units, secretaries of state, federal, state and local officials and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the Assets conveyed to any buyer), such that all interests of record as of the date of the Confirmation Order shall be forthwith removed and stricken as against the Assets. **The following entities are authorized and specifically directed to strike all such recorded interests against the Assets from their records and any public record (including the Redding Connecticut Land Records and Office of the Secretary of the State): Lenders, Town of Redding, Redding Fire District, Internal Revenue Service.** If any person or entity that has filed statements or other documents or agreements evidencing interests on, or interests in, the Assets shall not have delivered to the Debtor (prior to the closing, in a form that is proper for filing and which has been properly executed as a release or termination of such interests, in proper form for filing and executed by the appropriate parties), termination statements, instruments of satisfaction, releases of interests and easements, and any other documents necessary for the purpose of documenting the release or termination of all interests that the person or entity has or may assert with respect to the Assets, the Debtor is hereby authorized and directed to execute and file such statements, instruments, releases and other documents on behalf of such person or entity with respect to the Assets.

6.1.1.7 Any and all Assets that are in the possession or control of any person or entity (including, without limitation, any former vendor, supplier or employee of the Debtor) (a) shall be transferred to any buyer free and clear of the interests and (b) shall be

delivered at the closing on the Assets to any buyer unless, pursuant to the Sale Documents, such person, entity, vendor, supplier or employee may retain temporary possession or control of any of such assets, in which case the possession of such item shall be delivered to any buyer at such time and place as the buyer may, in its discretion, designate.

6.1.1.8 No bulk sales law or any similar law of any state or other jurisdiction shall apply in any way to a sale of the Assets.

6.1.1.9 Not later than ten (10) days prior to the Confirmation Hearing, the Debtor shall docket and circulate to all Creditors, a proposed form of the Sale Documents, which shall, in general, meet the requirements of real estate sale contracts, deeds and other related documents that are used in Fairfield County Connecticut. Such documents shall include: (a) the proposed purchase and sale contract, (b) proposed transfer deed, (c) proposed property disclosures, and (d) such other documents as required by law and/or custom.

6.1.1.10 Not later than fourteen (14) days prior a closing of title with respect to the sale of the Property the Debtor shall send, by overnight mail, to all creditors a notice of intent to sell the Property free and clear of liens pursuant to Bankruptcy Code § 363 and § 6.1.1 of the Plan. If this Case is still open, the Debtor shall also docket the notice of intent to sell.

6.1.1.11 The Assets shall have a minimum sale price of \$250,000, provided however, the Debtor may seek leave of Court to reduce the sale price below \$250,000.

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

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

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

6.5 Post-Confirmation Management of the Debtor: The post-confirmation Debtor shall be managed by its Manager, Hernan Benitez. Mr. Benitez will not be paid a salary or wage as compensation for his management of the Debtor.

6.6 Preferential and Fraudulent Transfer Analysis: A preference is a transfer made by the Debtor to or for the benefit of a Creditor on behalf of an antecedent debt made within ninety (90) days of the Petition Date or within one (1) year of the Petition Date if such transfer was made to an insider (as defined in section 101(31) of the Bankruptcy Code), made when the Debtor was insolvent and enabling such Creditor to receive more than the Creditor would receive in liquidation. *The Debtor is unaware of any preferential transfers. The Debtor does not believe that it has any claim for fraudulent transfers.*

VII. TREATMENT OF EXECUTORY CONTRACTS

7.1 General Treatment. The Debtor is unaware of any executory contracts. To the extent that any executory contracts exist, they will be deemed rejected upon entry of the Confirmation Order.

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

VIII. PROVISIONS GOVERNING DISTRIBUTIONS

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

8.2 Unclaimed Distributions.

8.2.1 Monies sent by checks issued by or on behalf of the Debtor and sent to holders of Allowed Claims or other parties in interest pursuant to this Plan which are not honored or negotiated within sixty (60) days after issuance by the Debtor, shall be deemed unclaimed and any such funds shall be redistributed Pro-rata. Upon the expiration of such thirty day period, the Debtor's obligation and liability to any holder of an Allowed Claim or other party in interest whose check from the Debtor is not negotiated during such period or returned as undeliverable, shall be deemed satisfied in full and the Debtor and its attorneys, financial advisors, investment bankers, agents, employees, members, directors, officers and Affiliates shall be forever released and discharged from any and all liability or obligation whatsoever to that Creditor or party in

interest. For purposes of this section, a check shall be conclusively deemed appropriately delivered to a Creditor or party in interest if it is sent by first Class, postage prepaid, mail or by Federal Express overnight delivery to the address of that Creditor or party in interest as set forth on the Schedules, the Proof of Claim register in the Chapter 11 Case, or the Debtor's books and records.

8.2.2 After Distributions Become Undeliverable. Undeliverable Cash shall not be entitled to any interest, dividends or other accruals of any kind. In such cases, any Property held for distribution on account of such Claims shall be redistributed by the Debtor as Additional Recoveries per Article 9.2 of the Plan, or paid into the registry of the Court within ninety (90) days after the payment becomes undeliverable. The Debtor shall not be required to attempt to locate any holder of an Allowed Claim.

8.3 Disbursing Agent. Omitted.

8.4 Liquidation Analysis. See attached Exhibit B. It is estimated that administrative claims will be approximately \$25,000 as of the Confirmation Date.

IX. GENERAL PROVISIONS

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

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

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

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

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

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

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

If to the Debtor:

The Seven Group Holdings, LLC
c/o M&M RA Services, LLC
3001 Southwest Third Avenue
Miami, FL 33129
7groupholdings@gmail.com

With a copy to Debtor's counsel:

Green & Sklarz, LLC
Attn: Jeffrey M. Sklarz, Esq.
700 State Street, Suite 100
New Haven, CT 06511
T: (203) 285-8545
F: (203) 823-4546
E: jsklarz@gs-lawfirm.com

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

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

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

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

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

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

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

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

9.16 The Effective Date. The Plan will not be consummated or become binding unless and until the Effective Date occurs. The Effective Date will be the first Business Day after the following conditions have been satisfied: (a) fourteen (14) days have passed since the Confirmation Date; (b) the Confirmation Order is not stayed; (c) no material adverse effect has occurred with respect to the Property; and (d) either (i) a closing on a sale of the Property shall have occurred with all closing disbursements made or (ii) the date of November 1, 2017 shall have passed, whichever is first to occur. A "Notice of Effective Date" shall be filed with the Court within three (3) Business Days after the Effective Date.

9.17 Distribution Date. The Distribution Date will be the closing date for the sale of the Property or November 1, 2017, whichever is earlier. Payments under the Plan will be disbursed on the Distribution Date.

X. RETENTION OF JURISDICTION

10.1 Continuing Jurisdiction. The Bankruptcy Court shall retain and have exclusive jurisdiction over the Chapter 11 Case for purposes (a) through (i) below, as well as for the purposes described in Article 5.1 of the Plan:

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

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

XI. DISCHARGE

11.1 Discharge and Retention of Property.

(a) The Debtor shall receive a discharge on the Effective Date, pursuant to Bankruptcy Code § 1141.

(b) Upon the Effective Date, all Property shall vest in the Debtor and shall remain property of the Estate until final distribution thereof.

(c) Pursuant to Section 1141(c) of the Bankruptcy Code, on the Effective Date the Property dealt with by the Plan shall become free and clear of all Liens, Claims, encumbrances, and interests of Creditors, including the right of setoff, except as otherwise provided for in the Plan or the Confirmation Order.

XII. EFFECT OF THE PLAN ON CLAIMS AND INTERESTS

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

12.2 Exculpation and Limitation of Liability. Except as otherwise specifically provided in this Plan, the Debtor and its present and former members, officers, directors, employees, advisors, attorneys, representatives, financial advisors, investment bankers, or agents and any of their respective successors and assigns, shall not have or incur, and are hereby released from, any claim, obligation, Cause of Action, or liability to any Person (whether or not a party in interest to this Chapter 11 Case), for any act or omission sounding in ordinary negligence and concerning only the following: administration of the Chapter 11 Case, negotiation and filing of the Plan, the filing of the Chapter 11 Case, and the pursuit of Confirmation. Claims concerning gross negligence, willful misconduct, and/or criminal conduct and in all respects shall be preserved and not released.

XIII. CONDITIONS PRECEDENT

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

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

- (b) The Confirmation Order shall be in form and substance acceptable to the Debtor.

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

- (a) The Confirmation Order shall have been entered;
- (b) The Confirmation Date shall have occurred; and
- (c) All other actions (including, but not limited to, those actions described in Article VI of the Plan), documents, consents and agreements necessary to implement the Plan shall have been effected, obtained and/or executed.

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

XIV. ALTERNATIVES TO THE PLAN

Based upon the information available and known by the Debtor, the Debtor has concluded that, should the Plan *not* be confirmed, it is likely that claimholders would *not* receive Distributions. Accordingly, the Debtor believes that the Plan offers the best prospects of recovery for the holders of *all* Claims against and Interests in the Debtor.

XV. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

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

THE FOREGOING DESCRIPTION OF FEDERAL INCOME TAX CONSEQUENCES IS INTENDED MERELY AS AN AID FOR CREDITORS AND INTEREST HOLDERS AND NEITHER THE DEBTOR NOR ITS ATTORNEYS OR ITS FINANCIAL ADVISORS ASSUME ANY RESPONSIBILITY IN CONNECTION WITH THE INCOME TAX LIABILITY OF ANY CREDITOR OR HOLDER OF AN INTEREST. EACH HOLDER OF A CLAIM SHOULD CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE FOREIGN, FEDERAL, STATE, AND LOCAL TAX CONSEQUENCES OF THE PLAN.

XVI. RECOMMENDATION

It is the position of the Debtor that the Plan is substantially preferable to a liquidation under Chapter 7 of the Bankruptcy Code. Conversion of the Chapter 11 Case to a Chapter 7

proceeding would result in: (i) delays in the distribution of proceeds available under such alternative; (ii) increased administrative costs; and (iii) increased uncertainty as to whether any funds would be available to make any distributions because the Members of the Debtor would not be required to fund the Debtor's ongoing business activities if a Chapter 7 trustee were appointed.

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

Dated: January 23, 2017

THE DEBTOR: The Seven Group Holdings, LLC

By: /s/
Hernan Benitez, Its Manager

By: /s/ Jeffrey M. Sklarz
Jeffrey M. Sklarz (ct20938)
Lauren McNair (ct30167)
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