

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
West Palm Beach Division
www.flsb.uscourts.gov

In re:

Chapter 11

Case No.: 16-21497-PGH

CLUB VILLAGE, LLC,

Debtor.

DEBTOR'S DISCLOSURE STATEMENT

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DEBTOR'S DISCLOSURE STATEMENT

Club Village, LLC (the "Debtor", "Debtor in Possession" or "Liquidated Debtor"), provides this Disclosure Statement (the "Disclosure Statement") to all known creditors of the Debtor in order to disclose the information deemed to be material, important, and necessary for a creditor to arrive at a reasonably informed decision in exercising its right to abstain from voting or to vote for acceptance or rejection of the Debtor's Plan of Liquidation (the "Plan"). A copy of the Plan accompanies this Disclosure Statement.

The United States Bankruptcy Court for the Southern District of Florida, West Palm Beach Division (the "Court") has set a hearing on confirmation of the Plan for _____ at _____, at the United States Bankruptcy Court, Flagler Waterview Building, 1515 North Flagler Drive, 8th Floor, Courtroom A, West Palm Beach, Florida 33401. You may vote on the Plan by filling out and mailing the accompanying ballot form to the Court. Your ballot must be filed on or before _____. As a creditor, your vote is important. In order for the Plan to be deemed accepted, of the ballots cast, creditors that hold at least 2/3 in amount and more than 1/2 in number of the Allowed¹ Claims² of Impaired³ Classes⁴ must accept the Plan. However, you are advised that the Debtor may be afforded the right under Title 11 of the United States Code §§ 101 *et seq.* (the "Bankruptcy Code") to have the Plan confirmed over the objections of dissenting creditors consistent with the limitations set forth in

¹ In the Plan, the terms "Allow", "Allowed", "Allowance" or words of similar meaning mean with respect to a Claim against the estate of the Debtor that is: (a) either (i) scheduled by the Debtor in its Schedules in a liquidated amount and not listed as contingent, unliquidated, zero, underdetermined or disputed; or (ii) asserted in the Case by a proof of a claim that has been timely filed, or deemed timely filed with the Court pursuant to the Bankruptcy Code, the Bankruptcy Rules and/or any applicable orders of the Court, or late filed with leave of Court; and (b) either (i) not objected to within the period fixed by the Bankruptcy Code, the Bankruptcy Rules and/or applicable orders of the Court; or (ii) that has otherwise been allowed by a Final Order or pursuant to this Plan that is no longer subject to appeal or certiorari and as to which no appeal or certiorari is pending. An Allowed Claim includes a previously Disputed Claim to the extent such Disputed Claim becomes Allowed when the context so requires, and shall be net of any valid setoff amount, which amount shall be deemed to have been set off in accordance with the provisions of this Plan.

² In the Plan, "Claim" has the meaning provided for such term in section 101(5) of the Bankruptcy Code.

³ In the Plan, "Impaired" means an Allowed Claim that is Impaired within the meaning of section 1124 of the Code.

⁴ In the Plan, "Class" means a group of Claims or Interests described in Article III of the Plan.

the Bankruptcy Code.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN SUBMITTED BY THE DEBTOR AND ITS MANAGEMENT, UNLESS SPECIFICALLY STATED TO BE FROM OTHER SOURCES. NO REPRESENTATIONS CONCERNING THE DEBTOR (PARTICULARLY AS TO ITS BUSINESS OPERATIONS OR THE VALUE OF ITS PROPERTY) ARE AUTHORIZED OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE WHICH ARE OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR, WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE UNITED STATES TRUSTEE FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

You are urged to carefully read the contents of this Disclosure Statement before making your decision to accept or reject the Plan. Particular attention should be directed to the provisions of the Plan affecting or impairing your rights as they presently exist. The terms used herein have the same meaning as in the Plan unless the context hereof requires otherwise.

ARTICLE I
DEFINITIONS

The Definitions set forth in Article I of the Plan are incorporated herein.

ARTICLE II
PRELIMINARY STATEMENT AND
HISTORY AND FINANCIAL CONDITION OF DEBTOR

(A) HISTORY OF DEBTOR AND SUMMARY OF REASONS FOR FILING PETITION

The Debtor filed a voluntary petition for reorganization (the "Petition") under Chapter 11

of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Florida (the “Court”) on August 22, 2016 (the “Petition Date”). As of the Petition Date, the Debtor was a single asset LLC owned 100% by Frederick Anthony DeFalco (“DeFalco”)⁵ that owned an 84-unit residential apartment complex located at 1551-1701 NW 13th Street, Boca Raton, Florida 33486 (the “Real Property”) that sits on a well-located 6.7-acre tract near Florida Atlantic University. The Debtor’s gross income was approximately \$943,431.38 in 2014; \$950,352.48 in 2015; and \$660,177.67 from January 1, 2016 through the Petition Date.

With the pending appeal of a foreclosure judgment relating to the Debtor’s Real Property, as described in more detail below, the Debtor utilized the protections afforded under Chapter 11 of the Bankruptcy Code and utilized the section 363 sale process in order to realize the full, potential value for the bankruptcy estate. The Debtor operated its business as a Debtor-in-Possession pursuant to § 1108 of the Bankruptcy Code, through December 2016, with the sale of its assets occurring in January 2017.

(B) SIGNIFICANT EVENTS DURING THE BANKRUPTCY CASE

1. **Retention of Professionals**

The Debtor, through counsel, filed an application to employ Aaron A. Wernick, Esq. and the law firm of Furr & Cohen, P.A. as its general bankruptcy counsel on September 16, 2016 [ECF 36]. The Court approved the employment *nunc pro tunc* to the Petition Date [ECF 69].

Additionally, during the pendency of the Debtor’s bankruptcy case, the Court approved the retention of the following professionals:

- The Court approved the retention of Brian Korte and the law firm of Korte & Wortman, P.A. as the Debtor’s special appeals counsel *nunc pro tunc* to the Petition Date [ECF

⁵ DeFalco is a debtor in possession in this Court, Case No. 16-16697-PGH. DeFalco’s Chapter 11 petition was filed on May 9, 2016.

42] by Court Order dated October 17, 2017 [ECF 67].

- The Court approved the retention of Paul Rubin, EA, and Rubin & Associates, CPA Firm, PA as the Debtor's accountants *nunc pro tunc* to the Petition Date [ECF 45] by Court Order dated October 17, 2017 [ECF 68].

- The Court approved the retention of Andrew Sodl and Akerman LLP as special transactional counsel *nunc pro tunc* to January 3, 2017 [ECF 124] by Court Order dated January 30, 2017 [ECF 154].

- The Court approved the retention of C. Brooks Ricca and the law firm of C. Brooks Ricca & Associates, P.A. as special trial court counsel *nunc pro tunc* to the Petition Date [ECF 200] by Court Order dated June 23, 2017 [ECF 213].

2. Cash Collateral Motion

Two days after the Petition Date, the Debtor filed an expedited motion for authority to use the cash collateral of CF SBC Pledgor 1 2012-1 Trust ("CF SBC") [ECF 11] granted for an interim period pursuant to Court Order dated September 23, 2016 [ECF 49].

3. Meeting of Creditors / Committee of Creditors

The 341 Meeting of Creditors was conducted on September 30, 2016 [ECF 15]. The office of the U.S. Trustee did not appoint a Committee of Creditors Pursuant to 11 USC Section 1102.

4. Sale of Substantially all of the Debtor's Assets

On September 16, 2016, the Debtor filed a motion to sell substantially all of its assets to the highest and best bidder in a Court-conducted auction (the "Sale Motion") [ECF 35]. CF SBC filed an objection to same on October 17, 2016 [ECF 65]. On October 13, 2016, the Court held a hearing on the Sale Motion and CF SBC's objection thereto, to consider, *inter alia*, approval of

auction and bid procedures for the sale of substantially all of the Debtor's assets, and, at such hearing, approved the auction and bid procedures attached to the Sale Motion, with certain modifications. On October 25, 2016, the Court entered its order (the "Credit Bid Order") [ECF 73] regarding, *inter alia*, CF SBC's right to credit bid in the amount of \$12,184,533.63, entitling CF SBC to be paid \$7,000,000,000 at consummation (the "Closing") of the sale (the "Transaction") of substantially all of the Debtor's assets, and directing Furr & Cohen, P.A. to hold all excess sale proceeds in its trust account until further order of the Court. The assets included the Real Property and all of the Debtor's personal property, including the Debtor's cash in its operating account; accounts receivable, security deposits of tenants; \$1,850 security deposit at Florida Power & Light; \$6,300 security deposit at City of Boca Raton, tenants list and rent roll; office furniture, fixtures and equipment; and miscellaneous supplies.

On October 28, 2016, the Court entered an order consistent with its bench ruling at the hearing on October 13, 2016 (the "Bidding Procedures Order") [ECF 78], which as more fully set forth therein, authorized and scheduled the sale of substantially all of the Debtor's assets, free and clear of liens, claims, and encumbrances, with liens to attach to sale proceeds, subject to higher and better offers, approved bidding procedures, approved the form of asset purchase agreement, scheduled an auction for December 1, 2016 at 9:30 a.m. (the "Auction"), scheduled a sale hearing to immediately follow the auction, approved the form and manner of the notice of sale, and approved the payment of a 2% buyer's premium over and above the sale price to pay a 2% broker's commission to the broker of the successful bidder, if such a broker existed.

The Debtor received four qualified bids prior to the Auction. Pursuant to the Bidding Procedures Order, CF SBC was also deemed a qualified bidder. All five qualified bidders appeared at the Auction. The Court conducted the Auction on December 1, 2016, and Oded T.

Meltzer (“Meltzer”) was determined to be the successful bidder at a bid price of \$11,300,000 and Larken Associates, LLC was determined to be the backup bidder at a bid price of \$11,250,000. The Order approving the sale of substantially all of the Debtor’s assets was entered on December 19, 2016 (the “Sale Order”) [ECF 98].

In accordance with the Sale Order, CF SBC was paid \$7,000,000 at the closing from the proceeds (the “Sale Proceeds”) from the sale of substantially all of the assets of the Debtor on January 6, 2017. Debtor’s counsel was holding the excess proceeds from the sale in the amount of \$3,714,207.83, plus the buyer’s deposit of \$499,980 in the Furr & Cohen, P.A. Trust Account, and a balance of \$1,156.96 transferred from the Debtor’s DIP account on February 6, 2017. The total escrowed balance being held in the Trust Account for the estate of the Debtor was \$4,215,344.79 (the “Escrowed Proceeds”).

5. Settlement Agreement with CF SBC

On September 6, 2016, CF SBC filed Proof of Claim No. 4 in the amount of \$12,112,360.69 against the Debtor, and filed Proof of Claim No. 2 against Club Village on September 28, 2016 in the amount of \$12,184,533.63. On January 23, 2017, the Debtor filed a limited objection to CF SBC’s claim [ECF 140].

CF SBC’s claims are based upon a Final Judgment of Foreclosure and Final Money Judgment on Guaranty dated June 29, 2016, entered in favor of CF SBC and against Club Village, DeFalco, *et al.*, in the case styled as *CF SBC Pledgor 1 2012-1 Trust CW a Delaware Statutory Trust, acting by and through CW Capital Asset Management, LLC, solely in its capacity as Special Servicer (“CF SBC”) v. Club Village, LLC, Fred DeFalco, Lee Ann McNabb a/k/a Lee Ann McNabb Ucci and Patrick Ucci*, Case No. 2012-CA-012536-XXXX-MB (the “Foreclosure Case”), the Fifteenth Circuit Court in and for Palm Beach County, Florida, and

recorded at OR Book 28407, Page 160, in the public records in and for Palm Beach County, Florida (the “CF SBC Judgment”). The CF SBC Judgment amount was allegedly secured by a first priority mortgage on the Real Property. The CF SBC Judgment was on appeal before the Florida Fourth District Court of Appeal, Appeal Case No.: 4D16-2463 (the “Appeal Case”). The Foreclosure Case was filed after the Debtor’s alleged default under that certain Forbearance Agreement dated July 19, 2010, as amended on December 15, 2010 (the “Forbearance Agreement”), entered and approved in the case styled *JPMorgan Chase Bank, N.A. v. Club Village, LLC, et al.*, Case No. 2009-CA-015753-XXXXMB (the “Prior Foreclosure Case”).

Upon CF SBC receiving payment of \$7,000,000 at the closing of the Real Property, as described above in more detail, CF SBC’s balance on its filed claim in the Debtor’s bankruptcy case was \$4,943,279.75, and was \$4,871,106.81 on its filed claim in DeFalco’s bankruptcy. The Debtor and DeFalco disputed that those amounts were owed to CF SBC.

After extensive settlement negotiations, the Debtor and DeFalco, with the assistance of counsel, were able to amicably resolve 5 years of litigation with CF SBC and entered into a Settlement Agreement dated February 26, 2017 (the “CF SBC Settlement Agreement”). A true and correct copy of the CF SBC Settlement Agreement is attached as Exhibit “A” to the motion to approve same. *See* ECF 175. This Court approved the CF SBC Settlement Agreement on March 28, 2017. *See* ECF 179.

Pursuant to the terms of the CF SBC Settlement Agreement, the Debtor and DeFalco agreed and consented to the immediate distribution of the Escrowed Proceeds held by Furr & Cohen, P.A., as follows: (a) \$200,000 to the bankruptcy estate of the Debtor, to pay allowed administrative claims and, if any remains, allowed unsecured claims; (b) \$290,000 to the bankruptcy estate of DeFalco, to pay allowed administrative claims and, if anything remains,

allowed unsecured claims; and (c) \$3,725,344.79 to CF SBC, in full satisfaction of its filed claims in the Debtor's bankruptcy case and DeFalco's bankruptcy case (the "CF SBC Settlement Payment").

Additionally, pursuant to the terms of the CF SBC Settlement Agreement, the Debtor agreed to withdraw its objection to CF SBC's claim with prejudice; release CF SBC; waive appellate rights; and dismiss the Appeal Case. CF SBC waived any deficiency claim against the Debtor and DeFalco bankruptcy estates.

Approval of the CF SBC Settlement Agreement benefitted the Debtor's and DeFalco's estates because the resolution permitted an end to unnecessary litigation, focused their efforts on the efficient administration of their Chapter 11 cases, and brought in \$200,000 to the Debtor's estate and \$290,000 to DeFalco's estate. (In DeFalco's estate, the vast majority of creditors were investors in Club Village.)

On April 12, 2017, this Court entered Agreed Orders granting CF SBC's agreed *ex parte* motion to withdraw its Proof of Claim No. 4 in DeFalco's bankruptcy case and Proof of Claim No. 2 in the Debtor's bankruptcy case. *See* ECF 182 in the Debtor's case and ECF 173 in DeFalco's Bankruptcy Case.

The Debtor amended its Schedule F on August 16, 2017 and also requested that, due to the amendment, the Court set a new claims bar deadline. Said deadline was October 20, 2017 and no new claims were filed.

(C) SOURCE OF FINANCIAL INFORMATION

The source of financial information for this Disclosure Statement and the accompanying Plan is from reports from the Debtor, the Debtor's principals and management, and the Debtor's monthly operating reports. The financial information has not been audited.

ARTICLE III
DEBTOR'S OPERATION AND STRUCTURE

(A) SYNOPSIS OF OPERATION IN CHAPTER 11

During the course of this Chapter 11 bankruptcy proceeding, the Debtor operated as Debtor in Possession. The Debtor's management maintained adequate insurance, filed all monthly operating reports, and paid all U.S. Trustee fees.

(B) PROJECTED FEASIBILITY OF PLAN

The Debtor believes that there is no risk to creditors as to completion of the Plan, as the Plan is a plan of liquidation which will follow the priority scheme of section 507 of the Bankruptcy Code. The Plan will be funded primarily by the Sale Proceeds received from the sale of substantially all of the assets of the Debtor, and any additional Cash held by the Debtor as of the date of the Confirmation Hearing⁶. The Debtor's and DeFalco's liabilities to CF SBC were satisfied from the proceeds of the sale of substantially all of the Debtor's assets. After administrative expenses and priority claims are paid, the Debtor will distribute the remaining proceeds to general unsecured creditors *pro rata*. Based on the foregoing, the Debtor asserts that it is able to perform all of its obligations under the Plan, and as such, the Debtor's Plan satisfies section 1129(a)(11) of the Code.

(C) EXECUTORY CONTRACTS

Article VI of the Plan entitled "Executory Contracts" indicates that all executory contracts and unexpired leases of the Debtor not expressly assumed prior to the date of confirmation of the Plan (the "Confirmation Date"), or are not at the Confirmation Date the subject of a pending application to assume, shall be deemed to be rejected. The Debtor is not assuming any executory contracts.

⁶ As of the filing of this Disclosure Statement, there is approximately \$242,000.00 of Estate funds, which are being held in the Furr & Cohen, P.A. trust account.

(D) OBJECTIONS TO CLAIMS AND PREFERENCE ANALYSIS

Pursuant to the Plan, the Debtor may object to any scheduled Claim or filed proof of claim. Such an objection shall preclude the consideration of any Claims as “Allowed” for the purposes of timely Distributions in accordance with the Plan. The deadline to file non-governmental claims was October 20, 2017 and the deadline to file governmental claims was February 21, 2017. The Debtor has filed one objection to claim, which was sustained: The objection was to POC 3, as it was filed improperly as a claim of CF SBC but was actually a claim of Sunrise Projects LLC.

The Palm Beach County Tax Collector was owed approximately \$128,000 on the Petition Date, but was paid in full from the asset sale in January 2016. Therefore, the County no longer has a claim against the Estate and will not receive any further distributions from the Estate.

The Debtor is still analyzing claims to determine whether further objections will be filed. All indebtedness scheduled by the Debtor, which was not scheduled as disputed, contingent or unliquidated, or any indebtedness set forth in a properly executed and filed proof of claim, shall be deemed an allowed claim unless the same is objected to, and the objection thereto is sustained by the Court.

THE DEBTOR RESERVES ITS RIGHTS TO FILE FURTHER OBJECTIONS TO CLAIMS, SCHEDULED AND NON-SCHEDULED, AS WELL AS OBJECTIONS TO ADMINISTRATIVE EXPENSES, AND/OR SEEK RECONSIDERATION OF THE ALLOWANCE OF ANY CLAIM. The deadline to file objections to claims will be established by this Court’s order setting a confirmation hearing.

The Debtor has not yet identified any potential preference or voidable transfer actions. The Debtor continues to analyze whether there are any other avoidance actions which the Debtor

can pursue, but as of the time of this filing, believes that none exist that would merit the use of the Estates' resources, due to collectability and/or probability of litigation success.

ARTICLE IV
TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

4.1 General. Unless otherwise specified, all payments under this Plan shall be paid on the first of the month following the Effective Date, which will be the date that the confirmation order becomes a Final Order, and in the event that such date is a Saturday, Sunday, or legal holiday, the next day thereafter.

4.2 Administrative Expense Claims. All Allowed Administrative Claims shall be paid (a) in full on the Effective Date or, if such expense is objected to, the date of a Final Order allowing any such Administrative Claim, whichever is later; or (b) upon such other terms as may be agreed to between the Debtor and each such administrative claimant.

An Administrative Claim is "allowed" if, at a minimum, a claimant/creditor requests payment by the Administrative Claims Bar Date (defined below), with the exception of (a) Debtor's counsel and other estate professionals, who shall file a Fee Application by the deadline set by the Court, approximately 21 days before the plan confirmation hearing; (b) the Office of the U.S. Trustee; and (c) the clerk of the Bankruptcy Court. All administrative expenses are subject to Court approval.

All unpaid administrative expenses will be paid from the Debtor's Cash on hand and from the Sale Proceeds in full on the Effective Date. All case-related payments for services, costs and expenses shall be subject to Court approval.

The administrative expense of attorney's fees and costs of Debtor's counsel are estimated to be approximately \$93,000.00 above what has been paid to Aaron A. Wernick, Esq. of Furr & Cohen, P.A. as a retainer. Prepetition, Debtor's counsel was paid a total retainer of \$9,020 by

DeFalco, 101 Gates Dr LLC, Edward Cassalty, Joseph Rosaler, and Encouragement Enterprises.

C. Brooks Ricca, Esq., who received \$11,156.00 in interim fees, is owed approximately \$2,789.00 in holdbacks.

ADMINISTRATIVE CLAIMS BAR DATE: All requests for payment of Administrative Claims, other than with respect to applications for payment of professional fees and other than U.S. Trustee and court fees, shall be filed with the Court and served upon the Debtor at least **three days before the Confirmation Hearing**, or by such earlier deadline as may apply to such Administrative Claim pursuant to an earlier order of the Court. Except as provided herein, any Administrative Claim for which an application or request for payment is not filed within such time period shall be discharged and forever barred.

4.3 All fees due under 11 U.S.C. §1129(a)(12) shall be paid as required by 28 U.S.C. §1930.

4.4 Priority Tax Claims. Priority tax claims are assessed, unsecured income, employment, and other taxes as described by Section 507(a)(8) of the Bankruptcy Code. The Debtor estimates the Allowed Priority Tax Claims total \$0. The only tax claim filed against the Debtor was Proof of Claim No. 1 filed by the Internal Revenue Service that was amended to \$0 on March 24, 2017. Except to the extent that a holder of an Allowed Priority Tax Claim has been paid prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Priority Tax Claim shall be paid in full on the Effective Date with funds from the Sale Proceeds and/or the Debtor's Cash on hand.

4.5 Classification of Claims.

Class 1 – Allowed Secured Claim of CF SBC as it relates to the Real Property:

(a) Description: Class 1 consists of the secured claim of CF SBC based on the Real

Property. Based on the resolution reached in the CF SBC Settlement Agreement, CF SBC's total claims against the Debtor total \$0.⁷

(b) Treatment. The Sale Proceeds were distributed to CF SBC in the amount of \$7,000,000 at closing, plus \$3,725,344.79 was distributed to CF SBC from the Escrowed Proceeds, which satisfied the CF SBC's claims against the Debtor and Fred DeFalco in full. CF SBC will not receive any further distribution.

(c) Impairment: The Class 1 Claim is Unimpaired and therefore the Class 1 Claimholder is conclusively presumed to have accepted the Plan, pursuant to 11 U.S.C. § 1126(f).

Class 2 – Allowed General Unsecured Claims:

(a) Description: Class 2 consists of the Allowed Claims of the general unsecured creditors. As reflected in the list of general unsecured creditors attached as **Exhibit "A"** to the Disclosure Statement, the Debtor estimates the aggregate amount of general unsecured claims totals \$110,377.17.

(b) Treatment: Except to the extent that the holder of an Allowed general unsecured claim has been paid prior to the Effective Date or agrees to a different treatment, in full satisfaction, settlement, release and extinguishment of their respective Allowed Claims, holders of Allowed general unsecured claims shall share in a *pro rata* Distribution up to the Allowed amount of their respective claims to be paid thirty (30) days from the Effective Date from the Escrowed Proceeds, and/or the Debtor's Cash on hand less the amounts paid to holders of Allowed Administrative Claims, Priority Tax Claims, and the holders of Allowed Claims in

⁷ CF SBC filed Proof of Claim No. 2 in the amount of \$12,184,533.63 on September 28, 2016, which was withdrawn based on the terms of an Agreed Order. *See* ECF Nos. 182 and 184. Proof of Claim No. 3 of CF SBC in the amount of \$13,840.00 was filed on February 25, 2017, which was stricken and disallowed in its entirety pursuant to the terms of the Order sustaining the Debtor's claim objection that was entered on April 18, 2017. *See* ECF 186.

Classes 1. The Debtor estimates the holders of Allowed Class 2 Claims will be paid in full.⁸

(c) Impairment: Class 2 is Impaired and therefore holders of Allowed Class 2 Claims are entitled to vote to accept or reject the Plan

Class 3 – Allowed Equity Interests:

(a) Description: Class 3 consists of the Debtor's Equity Interests in assets of the Estate, which includes interests in any share of stock, membership interest, or other instrument evidencing ownership interest in the Debtor, whether or not transferable, and any option, warranty, right, contractual or otherwise, to acquire any such interest.

(b) Treatment: On the Effective Date, all Equity Interests shall be cancelled and each holder of an Allowed Class 3 Claims shall not receive any property or Distribution on account of such Equity Interest. Any excess funds, after all administrative, priority, Class 2 claims, and court and UST fees are paid, which would be the property of the equity holder, will go directly to the DeFalco Estate⁹.

(c) Impairment: Class 3 is Impaired, but Class 3 Equity Interest Holders are not entitled to vote to accept or reject the Plan, as Class 3 Equity Interest Holders shall be deemed to have rejected the Plan.

ARTICLE V
CLAIMANTS AND IMPAIRED INTEREST HOLDERS

Claimants and interest holders entitled to vote under the Plan must affirmatively act in order for the Plan to be confirmed by the Court. According to the Plan, Classes 2 and 3 are

⁸ The list of unsecured creditors in attached Exhibit "A" assumes that any pending objections to claims filed by the Debtor will be sustained, and therefore said list does not include creditors whose claims were objected to. In the event that any objected-to claims are allowed, the Debtor reserves the right to amend the list and add those creditors.

⁹ The majority of unsecured creditors of the DeFalco Estate were investors in the Club Village project, but loaned money directly to DeFalco. In addition, in this Court's *Order Granting Motion to Approve Settlement with CF SBC Pledgor 1 2012-1 Trust*, ECF 179, the settlement funds were to be paid to administrative claimants and, if anything remains, allowed unsecured claims. The Debtor estimates that only \$10,000 will be left over after all payments are made.

“Impaired” Classes within the meaning of Section 1124 of the Bankruptcy Code. A claimant who fails to vote to either accept or reject the Plan will not be included in the calculation regarding acceptance or rejection of the Plan.

A ballot to be completed by the holders of claims and/or interests is included herewith. Instructions for completing and returning the ballots are set forth thereon and should be reviewed at length. The Plan will be confirmed by the Court and made binding upon all claimants and interest holders if (a) with respect to impaired classes of claimants, the Plan is accepted by holders of at least two-thirds in amount and more than one-half in number of claims in each such class voting upon the Plan and (b) with respect to classes of interest holders, if the Plan is accepted by the holders of at least two-thirds in amount of the allowed interests of such class held by holders of such interests. In the event the requisite acceptances are not obtained, the Court may, nevertheless, confirm the Plan if it finds pursuant to Section 1129 of the Bankruptcy Code that the Plan does not discriminate unfairly and accords fair and equitable treatment to any impaired class that does not accept the Plan.

ARTICLE VI
ANALYSIS OF THE PLAN VS. LIQUIDATION ANALYSIS

All payments as provided for in the Debtor’s Plan shall be funded by the Sale Proceeds and the Debtor’s Cash on hand, unless otherwise stated.

The Debtor believes that this Plan is in the best interest of creditors as the Debtor already liquidated its assets. As with any Plan, an alternative would be a conversion of the Chapter 11 case to a Chapter 7 case and subsequent liquidation of the assets of the Debtor by a duly appointed or elected trustee. In the event of a liquidation under Chapter 7, an additional tier of administrative expenses under Section 507(a)(1) of the Bankruptcy Code would be incurred unnecessarily. All assets have already been liquidated and the only remaining task is to distribute

Estate funds.

Predicated upon the foregoing, it is the Debtor's opinion that a conversion to Chapter 7 would waste valuable Estate resources and that therefore the Chapter 11 liquidation contemplated herein is in the best interest of all creditors and the Estate.

ARTICLE VII
RISK ANALYSIS

The Debtor believes that there is no risk to creditors as to completion of the Plan, as the Plan is a plan of liquidation which will follow the priority scheme of section 507 of the Bankruptcy Code.

ARTICLE VIII
POST-CONFIRMATION LIQUIDATED DEBTOR'S STRUCTURE

The Liquidated Debtor shall continue to exist after the Effective Date with all assets re-vesting in the Liquidated Debtor and with all powers of a limited liability company under the laws of the State of Florida and without prejudice to any right to alter or terminate such existence (whether by merger or otherwise) under Florida law. Following the Effective Date, the Liquidated Debtor shall be free to operate and perform any and all acts authorized by its Operating Agreement without further order from the Court, subject only to the terms of the Plan and Confirmation Order. Upon the Effective Date, the Debtor's management shall remain unchanged, in that DeFalco will continue to act as manager of the businesses for the purpose of administratively dissolving the Debtor.

Upon the entry of the Confirmation Order, subject to the occurrence of the Effective Date, the property of the Liquidated Debtor shall be free and clear of all claims and interests of creditors, except as otherwise provided for herein.

Upon the entry of the Confirmation Order, subject to the occurrence of the Effective

Date, the Liquidated Debtor may take all actions necessary to wind down the affairs of the Estate without further supervision of the Court, subject to the terms and conditions of this Plan and subject to Fl. Stat. 607.1405.

The Liquidated Debtor shall be administratively dissolved after the later of (a) the Effective Date or (b) upon performing all actions necessary to wind down its business and administrate the liquidated assets, including those actions enumerated in Fl. Stat. 607.1405.

ARTICLE IX
CONFIRMATION BY “CRAM DOWN”

The Debtor reserves the right, in the event that impaired classes reject the Plan, to seek confirmation of the Plan by “cram down” if the Court finds that the Plan does not discriminate unfairly and is fair and equitable with respect to each dissenting class.

The Plan is deemed “fair and equitable” if it provides (i) that each holder of a Secured Claim retains its lien and receives deferred Cash payments totaling at least the allowed amount of its claim, of a value, as of the effective date of the Plan, of at least the value of its secured interest in the property subject to the lien, and (ii) that each holder of an unsecured claim receives property of a value equal to the allowed amount of its claim, or no holder of a junior claim receives or retains any property on account of such claim.

ARTICLE X
MISCELLANEOUS PROVISIONS

10.1 Notwithstanding any other provisions of the Plan, any claim which is scheduled as disputed, contingent, or unliquidated or which is objected to in whole or in part on or before the date for Distribution, shall not be paid in accordance with the provisions of the Plan until such claim has become an allowed claim by a Final Order. If allowed, the claim shall be paid on the same terms as if there had been no dispute.

10.2 At any time before the Confirmation Date, the Debtor may modify the Plan, but may not modify the Plan so that the Plan, as modified, fails to meet the requirements of Sections 1122 and 1123 of the Bankruptcy Code. After the Debtor files a modification with the Court, the Plan, as modified, shall become an amended Plan.

10.3 At any time after the Confirmation Date, and before substantial consummation of the Plan, the Debtor may modify the Plan with permission of the Court so that the Plan, as modified, meets the requirements of Sections 1122 and 1123 of the Bankruptcy Code. The Plan, as modified under this paragraph, shall become an amended Plan.

10.4 After the Confirmation Date, the Debtor may, with approval of the Court, and so long as it does not materially and adversely affect the interest of creditors, remedy any defect or omission, or reconcile any inconsistencies in the Plan or in the Order of Confirmation, in such manner as may be necessary to carry out the purposes and effect of the Plan.

ARTICLE XI
DUTIES AND FEES OWED TO THE OFFICE OF THE U.S. TRUSTEE

With respect to pre-confirmation periods, the Debtor is required to pay the appropriate sums required pursuant to Section 1930(a)(6) on the Effective Date. The Debtor must also file all monthly operating reports for the relevant periods indicating the Cash disbursements for the relevant period.

With respect to post-confirmation periods, the Liquidated Debtor will pay the United States Trustee fees for post-confirmation periods based upon all post-Confirmation disbursements made by the Liquidated Debtor, and will also file all post-confirmation quarterly operating reports with the Court, until the earlier of the closing of the case or upon dismissal or conversion of the case.

ARTICLE XII
EFFECT OF CONFIRMATION OF PLAN

No Discharge of Debtor. Pursuant to section 1141(d)(3) of the Bankruptcy Code, Confirmation of the Plan will not discharge Claims against the Debtor; provided, however, that no holder of any Claim or Equity Interest may, on account of such Claim or Equity Interest, seek or receive any payment or other Distribution from, or seek recourse against, any of the Estate, the Disbursing Agent, and/or their respective successors, assigns and/or property, except as expressly provided in the Plan.

Final Decree as to Debtor. Upon substantial consummation of the Plan, the Debtor, or such other party as the Court shall designate in the 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.

ARTICLE XIII
TAX IMPLICATIONS OF THE PLAN

The Debtor believes that confirmation of the Plan will not have any adverse tax implications for the Estate. *The Debtor strongly urges that each creditor consult with its own tax advisor regarding the Federal, state, local and other tax consequences which the implementation of the Plan will have on them.*

ARTICLE XIV
CONCLUSION

Under the Plan, all creditors and interest holders of the Debtor will participate in some manner in the Distribution to be made thereunder. The Debtor believes that the Distributions contemplated in this Plan are fair and afford all claimants and interest holders equitable treatment. ACCORDINGLY, THE DEBTOR RECOMMENDS THAT ALL CLAIMANTS AND INTEREST HOLDERS VOTE TO ACCEPT THE PLAN.

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This Disclosure Statement is respectfully submitted:

CLUB VILLAGE, LLC
DEBTOR IN POSSESSION

BY: _____
FRED DEFALCO,
MANAGING MEMBER OF THE DEBTOR

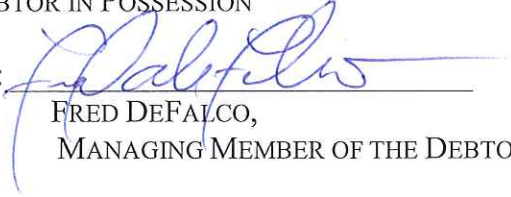
Furr & Cohen, P.A.
Attorneys for the Debtor
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By: /s/ Aaron A. Wernick
Aaron A. Wernick, Esq.
Florida Bar No. 14059
awernick@furrcohen.com

This Disclosure Statement is respectfully submitted:

CLUB VILLAGE, LLC
DEBTOR IN POSSESSION

BY:



FRED DEFALCO,
MANAGING MEMBER OF THE DEBTOR

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By: /s/ Aaron A. Wernick
Aaron A. Wernick, Esq.
Florida Bar No. 14059
awernick@furrcohen.com

EXHIBIT A
LIST OF UNSECURED CLAIMS

Claimant Name and Address	Description of Claim	Claim Amount
C. Brooks Ricca, Jr. and Assoc. PA 1615 Forum PL #200 West Palm Beach, FL 33401	Legal fees	\$83,262.17
Comcast PO Box 105184 Atlanta, GA 30348	Cable	\$1,800.00
Laing & Weicholz, P.L. 6111 Broken Sound Pkwy NW #300 Boca Raton, FL 33487	Legal fees	\$2,600.00
Manuel A. Gutierrez 2080 NW Boca Raton Blvd. #6 Boca Raton, FL 33431	This claim was scheduled in the amount of \$30,500 as contingent and unliquidated based on Real Estate Brokerage fees. The claimant failed to file a POC by the deadline of October 20, 2017.	\$0.00
Marcus & Millichap 5900 N. Andrews Ave. #100 Fort Lauderdale, FL 33309	This claim was scheduled in the amount of \$61,000 as contingent and unliquidated based on real estate brokerage fees. The claimant failed to file a POC by the deadline of October 20, 2017.	\$0.00
Melina Home Solutions, LLC 16113 E. Edinburgh Dr. Loxahatchee, FL 33470	Construction	\$7,500.00
Patrick Ucci & LeeAnn McNabb 2010 SE 18th Street Pompano Beach, FL 33062	This claim was scheduled in the amount of \$120,000 as disputed based on a business loan. The claimant failed to file a POC by the deadline of October 20, 2017.	\$0.00
Sunrise Projects, LLC 11027 Baybreeze Wy Boca Raton, FL 33428	This claim was scheduled in the amount of \$11,000 as disputed based on roof repairs. The Debtor may be objecting to this claim, pending further review of invoices and records.	\$14,465.00

Tal Frydman 2255 Glades Road, Suite 419A Boca Raton, FL 33431	This claim was scheduled in the amount of \$61,000 as contingent and unliquidated based on real estate brokerage fees. The claimant failed to file a POC by the deadline of October 20, 2017.	\$0.00
Zimmer Construction Consultants PA 129 NW 13 St. #200 Boca Raton, FL 33432	Construction	\$750.00

TOTAL:**\$110,377.17**