

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF FLORIDA  
WEST PALM BEACH DIVISION  
www.flsb.uscourts.gov

In Re:

Case No. 18-14622-EPK  
Chapter 11

THE TREATMENT CENTER OF THE  
PALM BEACHES, LLC,

Debtor.

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**DEBTOR'S DISCLOSURE STATEMENT**

Furr Cohen  
*Attorneys for the Debtor*  
Robert C. Furr, Esq.  
2255 Glades Road, Suite 301E  
Boca Raton, Florida 33431  
(561) 395-0500  
(561) 338-7532 fax  
rfurr@furrcohen.com

DEBTOR'S DISCLOSURE STATEMENT

The Treatment Center of The Palm Beaches, LLC (“**Debtor in Possession**,” and/or “**Reorganized Debtor**”) provides this Disclosure Statement (the “**Disclosure Statement**”) to all known creditors and equity interest holders of the Debtor and other parties in interest in order to disclose the information deemed to be material, important, and necessary for an interested party 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 Reorganization (the “**Plan**”). A copy of the Plan accompanies this Disclosure Statement.

The Court has set a hearing on confirmation of the Plan for \_\_\_\_\_ at \_\_\_\_\_, at the Flagler Waterview Building, 1515 North Flagler Drive, Suite 801, Courtroom B, 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 or equity interest holder, your vote is important. In order for the Plan to be deemed accepted, of the ballots cast, creditors that hold as least 2/3 in amount and more than 1/2 in number of the Allowed Claims of Impaired Classes 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 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 first began operations on February 5, 2009. Michael Chernak, the initial President of the Debtor, along with his wife, Kathleen “Katie” Chernak, founded the business together. Bill Russell served as chief executive officer, Todd Branstetter served as chief financial officer, Barry Laramee served as facilities director, and Josh Sternhell leased space to the Debtor to begin initial operations.

The Debtor's goal was to help the community by offering individualized drug rehabilitation services and addiction recovery plans. The Debtor offered two (2) levels of in-patient care, then step down into three (3) levels of outpatient care. First, a patient would start with the detoxification program to safely assist the patient overcome chemical dependency. Second, the patient would enter the residential program to ensure they were mentally and physically healthy as they go through recovery. Lastly, the patient would step down into decreasing levels of out-patient care, in which the patient is still monitored and given structured therapy while also transitioning back into society and gaining more independence.

Within the first month of opening operations, employee headcount doubled from 100 to 200. In just over a year, in April 2010, the Debtor occupied the entire in-patient building located at 4905 Lantana Road in Lake Worth, Florida. Starting in August 2012, the Debtor expanded operations and opened an out-patient treatment center within an area known as the "Shoppes of Atlantis" located at the 5841 S. Congress Avenue in Lantana, Florida. This would be the first of multiple suites occupied by the Debtor. Later that year, on December 14, Michael Chernak passed away, leaving Kathleen as the new president of the Debtor. Despite Mr. Chernak's death, operations continued to expand. On September 1, 2013, the Debtor opened The Tranquility Center. This was a facility for both in-patients and out-patients to receive holistic services, or spa-like treatments, such as acupuncture, message therapy, and chiropractic services. The following year, in February 2014, the Debtor opened The Teen Treatment Center. It offered the same in-patient and out-patient services as the Debtor for minors between the ages of 13 and 18.

In 2015, operational growth began to slow and daily operations began to level out. In November, Anthony Foster joined the Debtor as chief operating officer. In December, The Tranquility Center closed due to the disallowance of reimbursement by many insurance companies

for most holistic services. The next year, operations began to decline, and executive management began to experience turmoil. On June 26, 2016, Larry Marshall and Alan Kenney were retained by the Debtor as consultants to assist Katie Chernak in her role as president. Later in 2016, Bill Russell resigned as chief executive officer and Anthony Foster stepped in as interim chief executive officer. Year-end revenue for 2016 dropped to \$56,000,000, down from \$79,000,000 the previous year. Net income decreased significantly to \$882,000, down from \$20,000,000 in 2015.

In June 2017, Judi Gargiulo was retained by the Debtor as in-house legal counsel, but also served as a business consultant due to her alleged experience in health care law. Just a few days later, on June 26, the consulting contracts with Larry Marshall and Alan Kenney were terminated. About two months later, on August 30, Anthony Foster and Judi Gargiulo terminated Todd Branstetter, the Debtor's chief financial officer and one of the founding members. Operations continued to spiral downward with the closing of The Teen Treatment Center in September 2017 and the closing of Restore Wellness Center in January 2018. Also, in January 2018, Anthony Foster resigned, but was willing to complete a resignation transition period to ensure a reasonably smooth transition of executive management to Judi Gargiulo. On February 5, 2018, Ms. Gargiulo asked Mr. Foster to immediately end his employment. That same day, Ms. Gargiulo became executive vice president, and in that capacity, she effectively ran the business and affairs of the Debtor until she was terminated on or around June 13, 2018.

On April 19, 2018, the company filed its voluntary petition for Chapter 11 bankruptcy relief with the U.S. Bankruptcy Court of the Southern District of Florida, West Palm Beach Division. The next day, Ms. Gargiulo terminated the facilities director, Barry Laramée, who was also a founding member. On June 5, 2018, the Debtor retained Michael Thatcher of GlassRatner Advisory & Capital Group, LLC as chief restructuring officer to restructure the business and

engage in turn-around management. A few days later on June 9, Ms. Gargiulo's employment terminated and she was relieved of all duties.

**(B) SIGNIFICANT EVENTS DURING THE BANKRUPTCY CASE**

The Debtor filed a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Florida on April 19, 2018.

**1. Retention of Professionals**

The Debtor, through counsel, filed an application to employ Robert C. Furr, Esq. and the law firm of Furr & Cohen, P.A. as its general bankruptcy counsel on May 16, 2018 [ECF 38]. The Order approving the employment application was entered on March 30, 2018 [ECF 44].

**2. Meeting of Creditors / Committee of Creditors**

The 341 Meeting of Creditors was conducted and concluded on June 7, 2018 [ECF 14]. A committee of unsecured creditors has not been appointed in this case [ECF 110].

**3. Cash Collateral**

As of the Petition Date, J.P. Morgan Chase Bank, N.A. had a secured claim in the aggregate amount of \$3,126,861.44, pursuant to a (i) a Note and Mortgage, and (ii) two lines of credit. These obligations were secured by a lien on all assets of the Debtor, including its real property located at 4905 Lantana Road, Lake Worth, Florida, upon which the Debtor operated its treatment facility. Accordingly, at the onset of this case, the Debtor filed the Debtor's Emergency Motion to Use Cash Collateral of J.P. Morgan Chase Bank, N.A. [ECF 4] (the "**Cash Collateral Motion**") because the Debtor required the use of Chase's cash collateral for the continued operation of its business. Interim orders have been entered authorizing the Debtor's continued use of Chase's cash collateral [ECF Nos. 19, 81, 116].

As adequate protection for the interests of Chase, Chase was granted continuing and replacement liens as of the Petition Date on and security interests in all property of the Debtor of the same description, type and nature as was subject to Chase's pre-petition liens and security interests.

#### **4. Motion to Maintain Bank Accounts and to Provide Adequate Assurance to Utilities**

In addition to the Cash Collateral Motion described above, upon the filing of this bankruptcy case, the Debtor also filed the *Debtor's Motion For Authority to Maintain Bank Accounts* [ECF No. 6] and the *Emergency Motion of the Debtor-in-Possession For Order Determining Adequate Assurance of Payment For Future Utility Services* [ECF No. 5]. Both motions were granted, which authorized the Debtor to continue to use its pre-petition bank accounts as it transitioned into required debtor-in-possession accounts and provided that utility services would continue uninterrupted.

#### **5. Appointment of Patient Care Ombudsman**

Pursuant to §333 of the Bankruptcy Code, Bankruptcy Rule 2007.2(c) and the *Order Directing U.S. Trustee to Appoint Patient Care Ombudsman* [ECF 31], Sandra Zervoidakes was appointed as the patient care ombudsman for the Debtor. Ms. Zervoidakes visited and inspected the Debtor's business premises on several occasions.

#### **6. Post-Petition Financing and the Appointment of a Chief Restructuring Officer**

Within a few weeks of the bankruptcy filing, it became apparent to the Debtor that it was neither generating sufficient cash nor collecting sufficient receivables to sustain ongoing business operations and post-petition financing was urgently needed. Accordingly, the Debtor filed the *Debtor's Emergency Motion For Order Authorizing Post-Petition Financing* [ECF No. 45], which sought authorization for the Debtor to borrow up to \$850,000, at an interest rate of six percent

(6%) per annum from Kathleen D. Chernak, individually; Kathleen D. Chernak and Alan P. Kenney, as co-trustees of the Michael H. Chernak Marital Trust u/a/t March 28, 2006; or Kathleen D. Chernak and Alan P. Kenney, as co-trustees of the Michael H. Chernak Family Trust u/a/t March 28, 2006. Ms. Chernack and the two aforementioned trusts own a majority of the membership interests in the Debtor. The loan was to be secured by all of the Debtor's assets, including the real property located at 4905 Lantana Road, Lake Worth, Florida, with the security interests and mortgage liens subordinate to the Chase financing. As a condition for the post-petition loan, the lender required, among other things, that the Debtor retain a Chief Restructuring Officer. Accordingly, the Debtor filed the *Debtor's Expedited Application, Pursuant to Section 363(b) of the Bankruptcy Code, For Authority to Employ and Retain GlassRatner Advisory & Capital Group, LLC, as Restructuring Advisors to the Debtor, and to Provide a Chief Restructuring Officer Nunc Pro Tunc to May 24, 2018* [ECF No. 56], which sought, among other things, the authorization to appoint Michael Thatcher of GlassRatner as chief restructuring officer for the Debtor. After contested hearings, the financing was approved and the appointment of Mr. Thatcher as chief restructuring officer was approved by the Bankruptcy Court pursuant to the *Final Order Authorizing Debtor in Possession to Obtain Secured Post-Petition Financing* [ECF No. 79] and the *Order Granting Debtor's Application, Pursuant to Section 363(b) of the Bankruptcy Code, For Authority to Employ and Retain GlassRatner Advisory & Capital Group, LLC, as Restructuring Advisors to the Debtor, and to Provide a Chief Restructuring Officer Nunc Pro Tunc to May 24, 2018* [ECF No. 72]. That financing has been repaid.

#### **7. Administrative Expense Claims**

The Debtor's IT and telephone provider filed its *Motion For Payment of Administrative Expense and For Related Relief, Including But Not Limited to Authority to Cease Services* [ECF



No. 40] and its *Supplemental Motion For Payment of Administrative Expense and For Related Relief, Including But Not Limited to Authority to Cease Services* [ECF No. 85], which dealt with the Debtor's non-payment of post-petition IT services. The hearings on this matter were continued several times, which provided Mr. Thatcher with the opportunity to successfully negotiate a restructured agreement for IT services for approximately \$50,000 or less per month.

In addition to its main treatment facility, which it owned, the Debtor also leased off-site space at the Shoppes of Atlantis in Lantana, Florida. Shoppes of Atlantis, LLC filed its *Motion by Landlord Shoppes of Atlantis, LLC For Order Compelling Debtor's Compliance with Post-Petition Obligations Under Shopping Center Lease* [ECF No.74]. The lease in question was one lease for five storefronts at the shopping center. As a result of its pre-petition and post-petition restructuring efforts, Mr. Thatcher negotiated to return four of the five storefronts to the landlord and retain only one storefront, significantly reducing the Debtor's monthly overhead expense, before ultimately rejecting the entire lease.

On or about the week of May 14, 2018, the Debtor's manager, Judi Gargiulo, advised the Debtor's counsel who in turn advised Katie Chernak's attorneys that the Debtor had little to no cash in its accounts and was unable to pay operating expenses that were essential for the Debtor's continued operation that were due to be paid on Thursday, May 17, and Friday, May 18, 2018. More specifically, Katie Chernak, through her counsel, understood that an "insurance payment" in the amount of \$150,000 would need to be paid by Friday, and if that insurance payment was not made then, the Debtor would be closing its doors and turning patients away from care. The Debtor's counsel so advised Katie Chernak's counsel of this in writing. On or about Wednesday, May 16, 2018, and after the continued hearing at 1:30 P.M. on the Debtor's *Expedited Motion to Use Cash Collateral of JP Morgan Chase Bank* [ECF No. 4], Katie Chernak learned that the

insurance payment had been paid but because of the payment on account of the insurance, the payroll that was due and owing to employees on Friday, May 18<sup>th</sup>, would not be paid. She also understood from the Debtor that other necessary payments for operation of the business needed to be paid on Friday and the Debtor provided the figure of \$253,000. The Debtor, through counsel, explicitly advised Ms. Chernak's counsel that the Debtor would cease operations without immediate assurance that Katie Chernak would make this loan. Immediately upon learning that the Debtor would be closing its doors on Friday. After consideration of the circumstances, Katie Chernak provided \$253,000 to the Debtor on an administrative priority basis under sections 364(a) and 503 of the Code which the Court thereafter granted and approved by final order. [ECF 79] That loan has been repaid.

#### **8. Rejection of Contracts and Leases**

As part of its continuing efforts to reduce expenses, the Debtor filed the *Debtor's Motion to Reject Unexpired Executory Contracts and Leases* [ECF No. 92], which seeks to reject executory contracts and unexpired leases with Barry Laramée, the Miami Dolphins, Konica Minolta Business Solutions, Marin Software, Inc., Netsmart Technologies, Inc., HOP4W, Inc., revMD.com, and e5 Workflow, and the *Debtor's Expedited Motion to Reject Unexpired Lease With Shoppes of Atlantis, LLC* [ECF No. 103], to reject the Shoppes of Atlantis storefronts described above.

#### **9. Structured Asset Sale**

The CRO, Michael Thatcher determined that the recovery for creditors and interest holders would be maximized through a structured sale of the Debtor's assets, whether as a going concern or otherwise. Accordingly, the Debtor filed its *Motion For the Entry of an Order (1) Approving Competitive Bidding and Sale Procedures For the Sale of Substantially All of Debtor's Assets, (2)*

*Scheduling Dates to Conduct Sale and Hearing to Consider Final Approval of Sale, Including the Treatment of Executory Contracts, (3) Approving the Form and Manner of Notices, (4) Approving the Sale of Substantially All of the Debtor's Assets Free and Clear of All Liens, Claims, Encumbrances and Interests, and (5) Granting Related Relief* [ECF No. 117] (the “**Bid Procedures Motion**”), which provided a mechanism and time frame for the sale of the Debtor's assets. After the hearing on the Bid Procedures Motion, but prior to the entry of an order, the Debtor filed its *Emergency Motion For Entry of an Order: (I) Approving Selection of a Stalking Horse Bid; (II) Authorizing the Payment of a Breakup Fee and Other Bid Protections; and (III) Related Relief in Connection With the Sale of Assets of The Treatment Center of the Palm Beaches, LLC* [ECF No. 140] (the “**Stalking Horse Motion**”). As a result of the Bid Procedures Motion and the Stalking Horse Motion, the Court entered the *Order (1) Approving Competitive Bidding and Sale Procedures For the Sale of Substantially All of Debtor's Assets, (2) Scheduling Dates to Conduct Sale and Hearing to Consider Final Approval of Sale, Including the Treatment of Executory Contracts, (3) Approving the Form and Manner of Notices, and (4) Granting Related Relief* [ECF No. 159] and the *Order Granting Debtor's Emergency Motion For Entry of an Order: (I) Approving Selection of a Stalking Horse Bid; (II) Authorizing the Payment of a Breakup Fee and Other Bid Protections; and (III) Related Relief in Connection With the Sale of Assets of The Treatment Center of the Palm Beaches, LLC* [ECF No. 160], pursuant to which the Court, among other things, approved the Debtor's proposed bidding procedures and approved a contract submitted by Palm Beach Recovery Center, LLC for \$7,800,000. Despite significant interest, no other party submitted a superior bid, and the sale was approved. The sale has closed. The Plan provides for the distribution of the proceeds from that sale in the priority required by the Bankruptcy Code, and for the continued liquidation of any assets not sold and any resulting

distributions. From the sale, the Debtor in Possession financing was repaid.

(C) SOURCE OF FINANCIAL INFORMATION

The source of financial information for this Disclosure Statement and the accompanying Plan is from reports from the Debtor, and the Debtor's principals and management, and the chief restructuring officer and his professionals. The financial information has not been audited.

**ARTICLE III**

**DEBTOR'S OPERATION AND STRUCTURE**

(A) OPERATION IN CHAPTER 11

During the course of this Chapter 11 bankruptcy proceeding, the Debtor operated as a Debtor in Possession. The Debtor's management, through the chief restructuring officer, maintained adequate insurance, and has and will continue to file all monthly operating reports, and pay all U.S. Trustee fees.

(B) PROJECTED FEASIBILITY OF PLAN

The Debtor believes that there is minimal risk to creditors as to the completion of the Plan. The Plan is a liquidating plan. The Debtor's real property has already been sold and its remaining assets, which include accounts receivable and causes of action, will continue to be liquidated by the liquidating trustee and causes of action will be pursued. 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 not at the Confirmation Date, or are the subject of a pending application to assume, shall be deemed to be rejected. Pursuant to the *Order Granting Debtor's*

*Motion to Reject Unexpired Executory Contracts* [ECF 168], the Debtor has rejected contracts and leases with Konica Minolta Business Solutions U.S.A., Inc., Marin Software, Inc., Netsmart Technologies, Inc., HOP4W, Inc., revMD.com and e5 Workflow. The Debtor has also rejected its lease with the Shoppes of Atlantis. The Debtor is currently reviewing its remaining contracts and leases to determine whether rejection is appropriate.

(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 May 16, 2018, and the deadline to file governmental claims was August 14, 2018. At the time of the filing of this Disclosure Statement, the Debtor is still analyzing claims to determine whether objections will be filed. All indebtedness scheduled by the Debtor, which is 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 OBJECTIONS TO CLAIMS, SCHEDULED AND NON-SCHEDULED, AS WELL AS OBJECTIONS TO ADMINISTRATIVE EXPENSES, AND/OR SEEK RECONSIDERATION OF THE ALLOWANCE OF ANY CLAIM THAT HAS NOT APPROVED BY AN ORDER OF THE COURT THAT IS NOT FINAL. The deadline to file objections to claims will be established by this Court’s order setting a confirmation hearing.

The Debtor continues to analyze whether there are any other avoidance actions which the Debtor can pursue. In the event any avoidance actions are identified, they will be pursued by the

liquidating trustee and his professionals. The Debtor is currently investigating causes of action that may commenced and pursued pre- and post-confirmation against, among others, the Debtor's current and former officers and directors, the Debtor's current and former management (including Ms. Gargiulo), the recipients of payments made by the Debtor in the ninety days preceding the bankruptcy filing as listed on the Debtor's currently filed amended schedules and statement of financial affairs, or any subsequent amendments thereto, and the recipients of payments made by the Debtor in the one year period preceding the bankruptcy filing to insiders of the Debtor as listed on the Debtor's currently filed amended schedules and statement of financial affairs, or any subsequent amendments thereto.

#### 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 fifteenth day following the date on which the Bankruptcy Court enters a Final Order of confirmation on its docket, and in the event that such date is a Saturday, Sunday, or legal holiday, the next day thereafter.

**4.2 Administrative Claims Bar Date.** All requests for payment of Administrative Claims, other than with respect to Claims of Persons requesting compensation or reimbursement of expenses pursuant to Section 503(b) of the Bankruptcy Code for services rendered on or before the Effective Date (including any compensation requested by any professional or any other Person for making a substantial contribution), and applications for payment of Professional Fee Claims shall be filed with the Bankruptcy Court and served upon the Debtor at least ten (10) days before the Confirmation Hearing or by such earlier deadline as may apply to such Administrative Claim pursuant to an earlier order of the Bankruptcy Court. Administrative Claims already filed or approved by the Court need not be refiled. Except as provided herein, any Administrative Claim

or Professional Fee Claim for which an application or request for payment is not filed within such time period shall be discharged and forever barred.

**4.3 Treatment of Administrative Claims, including Professional Fee Claims.** The Holders of Allowed Administrative Claims against the Estate (with the exception of the Professionals, including those employed pursuant to Sections 327, 328 or 1103 of the Code or Persons who seek payment pursuant to Sections 503(b)(3) and (4) of the Code, who will be paid 100% of the amount allowed of such Administrative Claims by the Debtor's estate upon application to the Bankruptcy Court prior to the applicable deadline for filing such applications and entry of an order(s) thereon) shall be paid 100% of their Allowed Administrative Claims in Cash, from Available Cash, unless otherwise ordered by the Bankruptcy Court, upon the earlier to occur of: (i) the later of the Effective Date or the date of a Final Order allowing such Administrative Claim; (ii) for Allowed Administrative Claims that represent liabilities incurred by the Debtor in the ordinary course of business after the Petition Date with regard to the Debtor, the date on which each such Claim becomes due in the ordinary course of such Debtor's business and in accordance with the terms and conditions of any agreement relating thereto; or (iii) upon such other dates and terms as may be agreed upon by the Holder of any such Allowed Administrative Claim and the Debtor.

**4.4 Treatment of Priority Unsecured Non-Tax Claims.** Subject to the allowance procedures and deadlines provided herein, on the Effective Date or as soon thereafter as is practicable after the later of the (i) Effective Date, (ii) the date on which such Priority Unsecured Non-Tax Claim becomes an allowed Priority Unsecured Non-Tax Claim, and (iii) a date agreed upon by the Debtor and the holder of such Allowed Priority Unsecured Non-Tax Claim, the

Allowed Priority Unsecured Non-Tax Claimant shall be paid Cash equal to the amount of its Allowed Priority Unsecured Non-Tax Claim.

**4.5 Treatment of Priority Tax Claims.** Allowed Priority Tax Claims shall be completely and fully satisfied by payment of Cash from the Debtor, on the later of the Effective Date or the Allowance Date.

**4.6 Treatment of U. S. Trustee Fees.** Notwithstanding any other provisions of the Plan to the contrary, the United States Trustee shall be paid in Cash the appropriate sum required pursuant to 28 U.S.C. § 1930(a)(6), within ten (10) days of the entry of the Order confirming the Plan (“U.S. Trustee Fees”), for pre-confirmation periods by the Debtor, and the Debtor shall simultaneously provide the United States Trustee an appropriate affidavit indicating the cash disbursements for the relevant period. In addition, the U.S. Trustee Fees for post-confirmation periods up to and including the date on which the Effective Date occurs shall be paid in Cash by the Debtor, and the Debtor shall timely provide the United States Trustee with an appropriate affidavit indicating the cash disbursements for the relevant period(s). Lastly, the Liquidating Trust shall timely pay the U.S. Trustee Fees in Cash for all subsequent post-confirmation periods based upon all post-confirmation disbursements made by the Liquidating Trust, until the earlier of the closing of this case by the issuance of a Final Decree by the Bankruptcy Court, or upon the entry of an order by the Bankruptcy Court dismissing this Case or converting this Case to another Chapter under the Bankruptcy Code, and the Liquidating Trust shall provide to the United States Trustee upon the payment of each post-confirmation payment an appropriate affidavit indicating all the cash disbursements for the relevant period.

**4.7 Class 1 – Allowed Secured Claim of Shoppes of Atlantis, LLC.** The Allowed Secured Claim of the Shoppes of Atlantis, LLC (“**Landlord**”) based on the lease of commercial



real property to the Debtor shall be satisfied by the Landlord receiving the \$15,000.00 prepetition security deposit currently in the Landlord's possession, custody, and control. Any portion of the Allowed Class 1 Secured Claim that is not satisfied as part of the Allowed Class 1 Secured Claim shall be treated as an Allowed Class 5 Unsecured Claim pursuant to the term of this Plan.

**4.8 Class 2 – Allowed Secured Claim of EverBank Commercial Finance, Inc.** The Allowed Secured Claim of EverBank Commercial Finance, Inc. ("**EverBank**"), based on amounts due under a Commercial Lease Agreement dated August 1, 2013. The lease was assigned to Konica Minolta and rejected during the bankruptcy proceeding. The claimant will not receive a distribution on account of this claim.

**4.9 Class 3 – Allowed Secured Claims of Great American Financial Services Corp.** The Allowed Secured Claim of Great American Financial Services Corp. ("**Great American**"), based on amounts due under a Commercial Lease Agreement dated August 1, 2013. Based upon the Debtor's records, all amounts due under the lease were fully paid prior to the bankruptcy filing. The claimant will not receive a distribution on account of this claim.

**4.10 Class 4 – Allowed Secured Claims of J.P. Morgan Chase Bank, N.A.** The Allowed Secured Claim of J.P. Morgan Chase Bank, N.A. ("**Chase**"), was based on amounts due under the Note and Mortgage in the principal sum of Five Million Three Thousand Twenty dollars (\$5,320,000.00) for real property located at 4905 Lantana Road Lake Worth, FL 33483, the Promissory Note for a Line of Credit in the amount of One Million Dollars (\$1,000,000.00), and the additional Promissory Note for a Line of Credit in the amount of \$2,000,000.00 dated November 6, 2015, collectively which had an outstanding balance on the Petition Date of \$3,126,861.44 (the "Allowed Class 4 Secured Claim"). The Allowed Class 4 Secured Claim of Chase was satisfied at the closing of the sale of the Debtor's property. The claimant will receive

no further distribution under the Plan.

**4.11 Class 5 – Allowed General Unsecured Claims.** Each Allowed Unsecured Claim against the Debtor's Estate shall be satisfied by Distributions to the Holder of each such Allowed Unsecured Claim on a *pro rata* basis with the Holders of all Allowed Unsecured Claims in this Class 5. The Distributions to the Holders of Allowed Unsecured Claims hereunder shall be made on each Distribution Date and shall be made from the Available Cash on deposit from time to time with the Debtor and/or the Plan Disbursing Agent and/or the Liquidating Trustee, as applicable, in accordance with the terms of the Plan and the Liquidating Trust Agreement. No Distribution shall be made to Holders of Allowed Unsecured Claims in this Class 5 unless and until all Allowed Administrative Claims, all Allowed Post-Confirmation Administrative Claims, all Allowed Priority Tax Claims and all Allowed Claims in Classes 1, 2, 3, and 4 have been paid in full, reserved or otherwise resolved, and/or included in or accounted for in the Distribution at issue.

**4.12 Class 6 – Allowed Equity Interests in the Debtor.** Each Holder of an Allowed Equity Interest in the Debtor as of the Effective Date shall receive Distributions on a pro rata basis in proportion to their respective percentage interests with the Holders of all such Allowed Equity Interests in this Class 6, provided however that no Distribution shall be made to Holders of Allowed Equity Interests in this Class 6 unless and until all Allowed Administrative Claims, all Allowed Post-Confirmation Administrative Claims, all Allowed Priority Tax Claims and all Allowed Claims in Classes 1, 2, 3, 4 and 5 have been paid in full, reserved or otherwise resolved, and/or included in or accounted for in the Distribution at issue.

**4.13 Impairment.** Classes 1, 2, 3, 5 and 6 are Impaired under this Plan. Impaired classes will be treated as fully set forth in Article IV above. However, such designation is subject to revision upon resolution of objections to Claims or Interests.

## ARTICLE V

### **CLAIMANTS AND IMPAIRED INTEREST HOLDERS**

Claimants and Equity Interest Holders entitled to vote under the Plan must affirmatively act in order for the Plan to be confirmed by the Bankruptcy Court. According to the Debtor's Plan, Classes 1, 2, 3, 5 and 6 are "impaired" classes within the meaning of § 1124 of the Bankruptcy Code. These classes, accordingly, must vote to accept the Plan in order for the Plan to be confirmed without a cramdown. A Claimant or Equity Interest Holder who fails to vote to either accept or reject the Plan will not be included in the calculation regarding determination of 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 Bankruptcy Court and made binding upon all Claimants and Equity Interest Holders if (a) with respect to impaired Classes of Claimants, the Plan is accepted by holders of two-thirds (2/3) in amount and more than one-half (1/2) in number of Claims in each such class voting upon the Plan and (b) with respect to classes of Equity Interest Holders, if the Plan is accepted by the holders of at least two-thirds (2/3) 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 Bankruptcy Court may, nevertheless, confirm the Plan if it finds that the Plan accords fair and equitable treatment to any class rejecting it. Your attention is directed to Section 1129 of the Bankruptcy Code for details regarding the circumstances of such "cramdown" provisions.

## ARTICLE VI

### **ANALYSIS OF THE PLAN VS. LIQUIDATION ANALYSIS**

All payments as provided for in the Debtor's Plan shall be funded by the orderly liquidation of the Debtor's assets, either prior to confirmation of the Plan or after confirmation of the Plan by the Liquidating Trustee.

The Debtor has filed its monthly operating statements since the filing of the bankruptcy petition.

Attached hereto as Exhibit A is a table showing all the claims of Debtor in each classification.

The Debtor believes that its Plan of Liquidation provides full value for all claims of creditors and is in the best interest of creditors.

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 Debtor by a duly appointed or elected trustee. In the event of a liquidation under Chapter 7, the following is likely to occur. In particular, an additional tier of administrative expenses entitled to priority over general unsecured claims under § 507(a)(1) of the Bankruptcy Code would be incurred. Such administrative expenses would include Trustee's commissions and fees to the Trustee's accountants, attorneys, and other professionals likely to be retained by him for the purposes of liquidating the assets of the Debtor, and, potentially additional tax claims. Consequently, the Debtor believes that, taking into account the additional costs of liquidation under Chapter 7, distributions and returns to Creditors and Equity Interest Holders of the Debtor are maximized through a liquidating plan under Chapter 11 of the Bankruptcy Code.

## **ARTICLE VII**

### **RISK ANALYSIS**

The Debtor believes there is minimal risk to the Creditors and Equity Interest Holders if the Plan is confirmed. The Debtor's operating business was sold. There are only receivables to collect and causes of action to pursue.

## **ARTICLE VIII**

### **POST-CONFIRMATION DEBTOR'S STRUCTURE**

#### **8.1 The Liquidating Trust**

##### **8.1.1 Appointment of a Liquidating Trustee**

The Debtor has selected Michael Thatcher to act as Liquidating Trustee commencing on the Effective Date. The Liquidating Trustee will perform the duties reserved for such person in the Plan.

##### **8.1.2 Segregated Funds**

The Plan will be funded with, among other things, the proceeds of the sale of substantially all of the Debtor's tangible assets (the "**Sale Proceeds**"), any Excluded Assets, Litigation Claims, and Causes of Action.

##### **8.1.3 Role of the Liquidating Trustee**

In furtherance of and consistent with the purpose of the Liquidating Trust and the Plan, the Liquidating Trustee shall, among other things, have the rights, powers and duties, subject to the limitations set forth in the Liquidating Trust Agreement: (i) to hold, manage, dispose of, sell, convert to Cash, and distribute the Liquidating Trust Assets, including investigating, prosecuting and resolving the Litigation Claims and Causes of Action belonging to the Liquidating Trust; (ii) to hold the Liquidating Trust Assets for the benefit of the Liquidating Trust Beneficiaries that are

entitled to distributions therefrom under the Plan, whether their Claims or Interests are Allowed on or after the Effective Date; (iii) in the Liquidating Trustee's reasonable business judgment, to investigate, prosecute, settle, liquidate, dispose of, and/or abandon the Liquidating Trust Assets, including rights, Litigation Claims, Causes of Action, or litigation of the Liquidating Trust; (iv) to monitor and enforce the implementation of the Plan; (v) to file all tax and regulatory forms, returns, reports and other documents and financial information required with respect to the Liquidating Trust or the Debtor; (vi) in the Liquidating Trustee's reasonable business judgment, to reconcile and object to Claims against the Debtor or the applicable Liquidating Trust, and manage, control, prosecute and/or settle on behalf of the applicable Estate and/or Liquidating Trust Objections to Claims on account of which the Liquidating Trustee will be responsible (if Allowed) for making distributions under the Plan; (vii) to take all actions necessary, and create any documents necessary, to wind up the affairs of the Debtor and to implement the Plan; (viii) to hold, manage, and distribute Cash or non-Cash Liquidating Trust Assets obtained through the exercise of its power and authority; (ix) to act as a signatory to the Debtor for all purposes, including those associated with the novation of contracts or other obligations arising out of the sales of the Debtor's Assets; (x) to dispose of the books and records transferred to the Liquidating Trustee in a manner deemed appropriate by the Liquidating Trustee in accordance with applicable law; provided, however, that the Liquidating Trustee shall not dispose of any books and records that are reasonably likely to pertain to pending litigation in which the Debtor or its current or former officers or directors are a party without further order of the Bankruptcy Court; (xi) to take all necessary action and file all appropriate motions to obtain an order closing the Chapter 11 Case; (xii) to enter into and exercise rights under contracts that are necessary or desirable to the administration of the Liquidating Trust and execute any documents or pleadings related to the

liquidation of the Liquidating Trust Assets or other matters related to the Liquidating Trust; (xiii) to establish and maintain bank accounts and terminate such accounts as the Liquidating Trustee deems appropriate; (xiv) to set off amounts owed to the Debtor against distributions to Liquidating Trust Beneficiaries; (xv) to bring suits or defend itself against such suits, if any, as the Liquidating Trustee determines in connection with any matter arising from or related to the Plan or the Liquidating Trust Agreement that affects in any way the rights or obligations of the Liquidating Trust, the Liquidating Trustee or the Liquidating Trust Beneficiaries; (xvi) to obtain and maintain insurance coverage with respect to the liabilities and obligations of the Liquidating Trustee; (xvii) to take all actions necessary and appropriate to minimize any adverse state or federal tax consequences to the Liquidating Trust Beneficiaries provided such actions do not result in an adverse tax consequence to the Liquidating Trust and are consistent with and are not contrary to the treatment of the Liquidating Trust as a “grantor trust” for United States federal income tax purposes; and (xviii) to take such other and further actions as are permitted by the Plan and are not inconsistent with the Plan and the Liquidating Trust Agreement. In all circumstances, the Liquidating Trustee shall act in the best interests of all beneficiaries of the Liquidating Trust in furtherance of the purposes of the Liquidating Trust. For the avoidance of doubt, and without limitation of the foregoing, the Liquidating Trustee shall explicitly have the authority to: (i) investigate, prosecute, settle, liquidate, dispose of, and/or abandon any and all Claims, Causes of Action, and Litigation Claims (ii) investigate, prosecute, settle, liquidate, dispose of, and/or abandon any and all Claims, Causes of Action, and Litigation Claims the Debtor holds against Senior Management Claimants based upon Senior Management Claims, (iii) investigate, prosecute, settle, liquidate, dispose of, and/or abandon any and all D&O Claims against the D&O Parties; and (iv) file all tax and regulatory forms, returns, reports and other documents and financial

information required with respect to the Debtor or the Liquidating Trust, and request a prompt determination of such requests; and (v) and investigate, prosecute, settle, liquidate, dispose of, and/or abandon any and all other Claims, Causes of Action, and Litigation Claims reserved in Article 9 of the Plan.

**8.1.4 Engagement of Post Confirmation Professionals and Compensation to Liquidating Trustee and Post Confirmation Professionals**

The Liquidating Trustee may retain and compensate attorneys and other professionals to assist in its duties as Liquidating Trustee on such terms (including on a contingency or hourly basis) as the Liquidating Trustee deems appropriate without Bankruptcy Court approval. Without limiting the foregoing, the Liquidating Trustee may retain any professional that represented the Debtor or other parties in interest in this Chapter 11 Case. Those professionals will continue to file fee applications with the Court for services provided to the Liquidating Trust and Liquidating Trustee, and all requests of professionals retained by the Liquidating Trust for payment of fees or expenses shall be made by means of an interim or final fee application and shall be subject to the approval of, and review by, the Court to ensure that such payment conforms to the terms of any engagement agreement, the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules.

**8.1.5 Resignation, Death or Removal of the Liquidating Trustee.**

The Liquidating Trustee may resign at any time; provided, however, that he shall file a motion with the Bankruptcy Court in connection therewith and request that a successor or replacement be appointed in accordance herewith, which motion shall be on notice to the top twenty (20) Interest Holders holding Allowed Interests and the Office of the United States Trustee. The Office of the United States Trustee or any party in interest, by motion filed with the Bankruptcy Court, or the Bankruptcy Court on its own order to show cause, may seek to remove the Liquidating Trustee for cause, including under Section 324 of the Bankruptcy Code, for the



violation of any material provision of the Plan, or in the event the Liquidating Trustee becomes incapable of acting hereunder as a result of physical or mental disability and such physical or mental disability continues for a period in excess of thirty (30) days (except in the case of death, in which instance the procedures for replacement will begin immediately). In the event of a resignation or removal, the Liquidating Trustee, unless he is incapable of doing so, shall continue to perform his duties hereunder until such a time as a successor is approved by a Final Order of the Bankruptcy Court. In the event the Liquidating Trustee resigns or is removed, the Liquidating Trust Beneficiaries, shall have 90 days to select a successor Liquidating Trustee by filing a motion with the Bankruptcy Court. If the Liquidating Trust Beneficiaries do not select a successor Liquidating Trustee, then the Office of the United States Trustee may file a motion with the Bankruptcy Court seeking an order directing the United States Trustee to select such successor.

## **ARTICLE IX**

### **CONFIRMATION BY “CRAM DOWN”**

9.1 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.

9.2 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

11.1 With respect to pre-confirmation periods, the Debtor is required to pay the appropriate sums required pursuant to Section 1930(a)(6) within ten days of the entry of the order confirming the Plan. The Debtor must also file all monthly operating reports for the relevant

periods indicating the Cash disbursements for the relevant period.

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

## ARTICLE XII

### **EFFECT OF CONFIRMATION OF PLAN**

12.1 **Binding Effect.** The Plan shall be binding upon and inure to the benefit of the Debtor, all present and former holders of Claims and Equity Interests, and their respective successors and assigns.

12.2 **Compromise and Settlement.** Notwithstanding anything contained in the Plan to the contrary, the allowance, classification and treatment of all Allowed Claims and their respective Distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Equity Interests in each Class with due regard to any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, sections 510(b) and (c) of the Bankruptcy Code, or otherwise. As of the Effective Date, any and all such rights described in the preceding sentence are settled and compromised pursuant to the Plan. The Confirmation Order will constitute the Court's finding and determination that the settlements reflected in the Plan are (1) in the best interests of the Debtor, its Estate and all holders of Claims, (2) fair, equitable and reasonable, (3) made in good faith, and (4) approved by the Court pursuant to Bankruptcy Rule 9019.

12.3 **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 Liquidating Trust, the Liquidating Trustee, and/or their respective successors, assigns and/or property, except as expressly provided in the Plan.

**12.4 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.

**12.5 Injunction.** The Confirmation Order shall provide, among other things, that all entities who have held, hold, or may hold Claims against or Equity Interests in the Debtor are, with respect to any such Claims or Equity Interests, permanently, enjoined from and after the Confirmation Date from taking any of the following actions (other than actions to enforce any rights or obligations under the Plan): (i) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Debtor or any of its property; (ii) enforcing, levying, attaching (including any pre-judgment attachment), collecting or otherwise recovering by any manner or means, whether directly or indirectly, any encumbrance of any kind against the Debtor; (iii) asserting any right of setoff, directly or indirectly, against any obligation due the Debtor, or any of its property, except as contemplated or allowed by the Plan; (iv) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan; and (v) prosecuting or otherwise asserting any right, claim or cause of action against any Exculpated Party, that has been exculpated pursuant to the Plan;

**provided, however, that the injunction provided herein above shall neither bar any entity from asserting any defense in an action commenced by or on behalf of any of the Debtor, nor prohibit any entity from asserting any right expressly preserved or contemplated by the Plan.**

**The Confirmation Order shall also provide, among other things, that all entities who have held, hold, or may hold Claims against or Equity Interests in the Debtor are permanently enjoined from and after the Confirmation Date from (i) commencing, conducting, or continuing in any manner, directly or indirectly, any action or other proceeding of any kind with respect to any such Claim or Equity Interest against the Debtor; (ii) enforcing, levying, attaching (including any pre-judgment attachment), collecting or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree, or order against the Debtor on account of any such Claim or Equity Interest; and (iii) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any encumbrance or lien of any kind against the Debtor or against the property or interests in property of the Debtor on account of any such Claim or Equity Interest; provided, however, that nothing contained in the Plan shall preclude the IRS from pursuing an action against any entity, or any governmental entity from pursuing a criminal action against any entity, provided, further, that nothing in the Plan shall constitute a waiver of any rights or defenses of such persons with respect to such actions.**

**By accepting Distributions pursuant to the Plan, each holder of an Allowed Claim or Equity Interest shall be deemed to have specifically consented to the Injunctions set forth herein.**

**12.6 Indemnification Obligations.** Except unless expressly provided in any Order of

this Court, any and all indemnification obligations that the Debtor has pursuant to a contract, instrument, agreement, certificate of incorporation, by-law, comparable organizational document or any other document, or applicable law, shall be deemed not rejected as of the Effective Date, and shall remain in full force and effect. In addition, and so as not to limit the preceding sentence (i) all rights, if any, of the Debtor and any persons who are insured under the D&O Policy and the Estate in and to any of the Debtor's insurance policies hereby are expressly reserved and are not limited in any way by the Plan; (ii) nothing in the Plan shall be deemed to modify any indemnification obligations of the Debtor pursuant to an Order of this Court concerning the retention or employment of a professional; and (iii) nothing in the Plan shall be deemed to modify any indemnification obligations of the Debtor as set forth in the Debtor's operative operating agreement. Nothing in the Plan shall be deemed to release the Debtor's insurers from, or limit the obligations of, any of the Debtor's insurers concerning any claims that might be asserted by insureds, additional insureds, or counter-parties to contracts or agreements providing for the indemnification by and of the Debtor, to the extent of available coverage.

All other obligations that the Debtor has pursuant to a contract, instrument, agreement, shall be deemed rejected as of the Effective Date unless expressly preserved in the Plan.

**12.7 Terms of Injunctions or Stays.** Unless otherwise provided in the Plan or an Order of the Court, all injunctions or stays provided for in this Case pursuant to sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Case is closed.

### **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.

This Disclosure Statement is respectfully submitted:

THE TREATMENT CENTER OF THE PALM  
BEACHES, LLC

BY:   
MICHAEL THATCHER, CRO

Furr Cohen  
*Attorneys for the Debtor*  
2255 Glades Road, Suite 301E  
Boca Raton, FL 33431  
561-395-0500  
561-338-7532 fax

By: /s/ Robert C. Furr  
Robert C. Furr, Esq.  
Florida Bar No. 210854  
rfurr@furrcohen.com

8737106-2