

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In Re:)
Albany, LLC) Case No. 16-02426
)
Debtor) A Chapter 11 for Reorganization
) Honorable Judge Carol A. Doyle

DEBTOR'S AMENDED DISCLOSURE STATEMENT
JULY 27, 2016

Albany, LLC

By:/s/ O. Allan Fridman
Attorney for the Plan Proponent

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I. Introduction

Albany, LLC (“Albany”), (the “Debtor”), an Illinois Corporation, is the Debtor and Debtor-in-Possession in the captioned Chapter 11 Case, and hereby submits this Disclosure Statement (“Disclosure Statement”) pursuant to Section 1125 of the Bankruptcy Code (the “Code”), to all of its known Creditors in order to disclose material information sufficient to enable them to make an informed decision in exercising their right to vote for acceptance or rejection of the Debtor’s Amended Plan of Reorganization dated May 26, 2016. On _____, 2016 at _____m., a hearing to consider approval of this Disclosure Statement will be held by Bankruptcy Carol A. Doyle, in Courtroom 742 of the United States Courthouse, 219 S. Dearborn, Chicago, Illinois. If, at the conclusion of said hearing, this Disclosure Statement is approved by the Court, the Court will immediately hold a hearing to consider confirmation of the Plan. A copy of the Amended Plan is being disseminated to Creditors simultaneously with this Disclosure Statement.

II. Plan Summary

The Debtor’s Plan is a “5%” Plan, which means that all unsecured creditors will be paid 5% of their allowed claims within five years of the effective date and Secured Creditors will be paid the allowed amount of their secured claims over the course of 42 months. A Chapter 11 Plan, which is a debtor’s proposal to its creditors as to how it will pay (including any compromises) its debts, requires that a debtor divide most of its creditors (those holding “Claims”) against it) into “Classes.” Without utilizing legal jargon, exceptions, or nuances, as a practical statement, this means that creditors holding similar types of Claims (or interests if they are shareholders or other types of ownership) should be grouped together in a Class for purposes of voting on whether to accept or reject a Plan to help ensure that each creditor gets a fair voice. For purposes of this Plan, the Debtor

has grouped its various creditors in the following Classes and treatment of their Claims.

Class Identification	Amount (may not be Allowed amount)	Proposed Treatment
Class 1 Secured Claims of Associated Bank	\$780,000	Impaired -Payments at 4.75% interest for 42 months for the Real estate loan at the approximate amortization of 23.9 years and a balloon payment
Class 2 Unsecured American	\$300,00	Impaired- 5% of the Allowed Amount Paid in quarterly payments on the Plan Effective Date.
Class 3 General Unsecured Creditors	\$27,000	Impaired-10% of the Allowed Amount Paid in full within 12 months of the Plan Effective Date.
Class 4 Equity Security Holders		Impaired - Debtor shall cancel all its membership interest Reorganized Debtor.

III. The Debtor’s Operations and History

A. History and Events Leading to the Chapter 11 Filing.

This Debtor was formed as an Illinois Limited Liability Company (“LLC”) in 2001. In 2003 the Debtor acquired the property located at 1771 W. Greenleaf, Chicago, IL¹ (“the Property.”) The Property consists of a two story mixed-use building with 5 first floor commercial spaces and 5 apartments on the second floor.

The Debtor is a single member LLC and is managed by Don Schien. In 2003 the Property was purchased for approximately \$850,000. The Debtor began to undertake renovation of the Property. A time of the initial purchase the Property had several building code violations and was in need of significant repair.

¹ The Property has additional addresses listed as 1767-1775 West Greenleaf, Avenue, Chicago, IL.

The Debtor spent in excess of \$200,000 toward repairs and renovations. Because the remodeling was underfunded, the Equity Security Holders advanced substantial funds prepetition. The Property residential units are rented to several Section 8 Tenants as well as commercial tenants. The Section 8 tenants provided a steady source of income and many tenants have lived at the property for several years. The rental revenue provided sufficient income to service the debt and produce a positive cash flow.

Associated Bank NA (“Associated”) re-financed of the Property in 2008. American Enterprises Bank (“AEB”) provided a subordinated equity loan for the Property. Don Schien as manager of the LLC guaranteed both loans for the Property. However, due to with the general real estate crisis of beginning near the end of 2009 and continuing through 2013, Don Schein, lost other income producing properties to foreclosure and non-recourse loans were converted to resource loan. As a result of the loss deficiency judgments were entered against Don Schien and he was unable to refinance the Associated and AEB loans. In late 2015 Associated did not agree to extend the loans.

During the real estate crisis, the Debtor expended all its reserves and borrowed funds to maintain the Property and pay real estate taxes. In October 2015, the main sewer line burst and flooded a commercial tenant causing damage and the commercial tenant to abandon the unit. The damages caused due to the sewer exceeded \$12,000 and was only partially covered by the Debtor’s insurance. On November 16, 2015, Associated commenced foreclosure proceedings against Debtor based on Debtor’s failure to make the agreed upon payments as required by the terms of the Loan Documents. In December 2015 the Debtor had the property appraised and was given a liquidation value of \$615,000 and a fair market value of \$770,000. The Debtor filed this Chapter 11 to preserve the rights for all creditors and allow it to restructure its loans.

B. Significant Events Chapter 11.

Since the commencement of the Debtor's Chapter 11 Case it has operated under the jurisdiction of the Bankruptcy Court pursuant to the provisions of the Bankruptcy Code. During the pendency of the Bankruptcy Case, the Debtor has filed and submitted to the Bankruptcy Court detailed monthly statements reflecting its operations, cash flow, profit and loss, and financial condition, summaries of which are more fully described below.

During the course of the Chapter filed a motion for use for Cash collateral motion. The Debtor and Associated Bank have resolved by agreement and the Debtor has been using Cash collateral by agreement. See Exhibit 3. The Debtor filed a motion for valuation of Associated Bank Bank's Claim 2-1, pursuant to 11 USC §506. The Debtor and Associated Bank are in the process of resolving the valuation motion.

The Chapter 11 period also gave the Debtor the opportunity to stabilize its financial condition and complete renovations. Although set out in more detail elsewhere in this Disclosure Statement, Associated Bank agreed to 42 months of payments to reduce the debt and allow the Debtor is to refinance the lower remaining debt with a new lender on or before the expiration of the 42 months.

In the Northern District of Illinois, a debtor's financial performance during Chapter 11 is a function of changes in four accounting categories: (i) cash; (b) accounts receivable; (c) inventory; and (d) post-bankruptcy accounts payable. Pre-bankruptcy accounts payable are not analyzed for the Chapter 11 period because they are treated in a debtor's plan.

In those regards, post-bankruptcy increases in cash, and accounts receivable, are positive developments and post-bankruptcy increases in accounts payable is a negative development

IV. Documents Included With This Disclosure Statement

In order to assist creditors with making an informed decision whether to accept or reject the Plan and to enable them to vote their acceptances or rejections of the Plan, the following documents are included with this Disclosure Statement:

1. A ballot for acceptance or rejection of the Plan;
2. The Plan;
3. Financial Projections of the Debtor;
4. Summary Pages of Debtor's Bankruptcy Operating Reports;
5. A Liquidation Analysis
6. 12 Month Prepetition Financial;

Creditors are urged to read all of the enclosures.

V. Description of the Plan

A. Designation of Classes of Claims and Interests

Generally, Claims are one of three types:

Secured—which means the Claimant has collateral for its Claim.

Priority—which means the Claimant does not have collateral but still is paid earlier than some or all other creditors who also do not have collateral. Some priority creditors are paid before other priority creditors on the payment ladder.

Unsecured—which means the Claimant does not have collateral or the right to be paid before at least one other Class of Creditors.

For the purpose of the Plan, the Claims of the various creditors against the Debtor's Chapter 11 Estate is hereby classified as follows:

For Plan purposes, the Claims of the various creditors against the Debtor's Chapter 11 Estate have been classified as follows:

Class 1 Administrative Claims.

All debts incurred during the Bankruptcy Case, but as yet unpaid, will be paid in full upon the Effective Date or as otherwise agreed upon by the Creditor. These include the Claims of: (i)

the Debtor's attorneys and the U.S. Trustee's Fees, and (ii) debts incurred by the Debtor after the commencement of its Bankruptcy Case in the ordinary course of its business. The exact amount of these Claims is not known at this time; however, for purposes of this Disclosure Statement they have been estimated at \$40,000.

Class 2: Secured Claim of Associated Bank

Associated Bank is the holder of an Allowed Class 1 Claim that is secured by the real estate commonly known as 1771 W. Greenleaf, Chicago, IL ("the Property.") The Debtor commenced a motion for valuation of Associated Bank's Claim 11 USC§ 506 to determine the secured status of Associated Bank's Claim. The Debtor and Associated Bank have recently discussed settlement of Associated Claim. The following encompass the Settlement discussions.

Class 1 consists of Associated Bank's shall retain in lien on the Property for its total claim. The Associated Bank Allowed Claim consists of the principal balance of \$731,631.83, plus interest, fees and costs (including attorney's fees) as of the date the Allowed Claim is paid in full. Pre-petition interest, fees and costs as of the Petition Date were \$56,143.77. Associated Bank agrees that post-petition interest shall be recalculated at 5% per annum as of the Petition Date and through the Effective Date (at which time interest shall be re-calculated at 4.75% per the terms below). The Debtor stipulates to the pre-petition interest, fees and costs as of the Petition Date, and agrees to pay accruing interest, fees and costs as permitted by the Associated Bank Loan Documents.

The Debtor shall continue to make adequate protection payments to Associated Bank pursuant to the terms of the cash collateral orders entered in this Case until such time as the Plan payments commence.

The Associated Bank Allowed Secured Claim shall be paid with interest at 4.75% payable

monthly over 42 months from the Effective Date of the Plan and amortized over 279 months, with a balloon payment due on the 43rd month (“Maturity Date”), as follows:

- (i) Commencing on the 15th day after the Effective Date, the Debtor shall pay Associated Bank on the 15th day of each month for a period of 42 months the sum of \$4,340.00 per month, to be applied to accruing and outstanding interest with any excess toward the principal balance.
- (ii) In addition, commencing on the 15th day after the Effective Date, the Debtor shall pay Associated Bank on the 15th day of each month the sum of \$1,040.00 or 1/12 of the most current tax bill for tax escrow.
- (iii) On the Maturity Date, Associated Bank shall receive a balloon payment equal to the principal, interest, fees and costs outstanding as of that date (the “Balloon Payment”). Provided that the Debtor pays the Balloon Payment on the Maturity Date, Associated Bank shall reduce the Balloon Payment by the sum of \$19,000.00.
- (iv) The Debtor may sell the Property or refinance the Property at any time prior to the Maturity Date without pre-payment penalty, provided that the net sale proceeds or funds from refinance are sufficient to pay the Allowed Claim of Associated Bank in full due at the time of refinance or sale.
- (v) Upon payment in full of its Allowed Claim, Associated Bank shall release its lien on the Property.

The Allowed Class 1 Claim is **Impaired and entitled to vote on the Plan.**

Class 2: Unsecured deficiency Claims of American Enterprise Bank

Class 2 consist of the Unsecured Deficiency Claims of American Enterprise Bank in the amount of \$300,000. This class shall be paid of 5% of the allowed claim in quarterly payments over 5 years of the Effective Date.

The Allowed Class 2 Claim is **Impaired and is entitled to vote on the Plan.**

Class 3: General Unsecured Claims.

Class 3 consists of the claims are all of the other claims against the Debtor that are neither secured nor entitled to priority and the Debtor’s Schedules indicate a total \$27,000 in non-insider

claims for this Class. This Class will be paid 5% of allowed claim in equal quarterly installments over 5 years from the effective date. This Class is **Impaired and entitled to vote**.

Class 4 - Equity Security Holder.

The 100% of the ownership Don Schien shall be cancelled on the Effective Date of the Plan. The Equity Interest holder shall pay to the Reorganized Debtor the sum of Ten Thousand Dollars (\$10,000.00) this amount shall be the Debtor new value contribution.

In the event there is a non-accepting class, then the New Value Contribution shall be subject to higher or better offers. In the event that an entity offers more than the New Value Contribution for the purchase of the equity in the Reorganized Debtor, the Debtor shall conduct an auction for the sale of the equity in the Reorganized Debtor at a Date and Time as Determined by the Court after the Confirmation Hearing. The highest and best offer at the auction shall constitute the New Value Contribution and the offeror shall constitute the new Interest holder(s) in the Reorganized Debtor. This Class is **Impaired and entitled to vote**.

If, in addition to the proposed contributions of Don Schien pursuant to the terms of this Plan, at least one Qualified Bid for the New Value has been received, the Debtor will proceed with the Equity Auction to be held after the confirmation hearing. As soon as practicable after the conclusion of the Auction, the Debtor, (a) shall review each Qualified Bid on the basis of financial and contractual terms and the factors relevant to the sale process, including those factors affecting the speed and certainty of consummation of the transaction, (b) shall determine, in their business judgment, which Qualified Bid is the highest or otherwise best offer (the "Winning Bid"), and the bidder making the Winning Bid (the "Winning Bidder"), and (c) reject at any time before entry of the Confirmation Hearing, any bid that, is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bankruptcy Code, the Bidding Procedures, or the terms and conditions of

sale, or (iii) contrary to the best interests of the Debtor, its estate and creditors (the “Bid Analysis”). At the conclusion of the Bid Analysis, the Debtor shall ask the Bankruptcy Court to enter an order authorizing the Debtor to consummate the Sale of the Equity upon the terms of the Winning Bid, to the Winning Bidder, and to execute such additional documentation as is reasonably necessary to close such Sale upon the terms of the Winning Bid. Notwithstanding anything contained herein to the contrary, the sale of the Equity in the Reorganized Debtor to any Winning Bidder is contingent upon the entry of an order by the Bankruptcy Court confirming this Plan.

Notwithstanding anything to the contrary contained in this Plan, in the event that Don Schien is not the Winning Bidder, then (i) he shall not make the New Value Contribution to the Reorganized Debtor, (ii) the Equity Interests shall be cancelled and extinguished on the Effective Date.

Parties wishing to overbid the current offer of the New Value Contribution for the equity interests in the Reorganized Debtor must (i) provide a written offer to the Debtor on or before the Confirmation Hearing setting forth the offeror’s name, contact information and amount of offer; (ii) prior to the Auction, submit a cashier’s check in the amount of \$10,000.00 payable to the Debtor (“Deposit”) and provide evidence of ability to pay any additional amounts offered; (iii) make an offer in excess of the New Value Contribution; and (iv) be present at the Confirmation Hearing. All offers and submissions of Deposits must be made on or before the Confirmation Hearing and sent to Debtor’s counsel: O. Allan Fridman, 555 Skokie Blvd. Suite 500, Northbrook, IL 60062.

B. Means of Implementing the Plan

1. Source of Payments

As described above, (a) Administrative Claims will be paid from the Debtor's cash on hand and future operations; (b) secured Classes will be paid from the Debtor's cash on hand and future earnings; (c) priority Classes will be paid from the funds on hand and in some cases from future earnings; and (d) unsecured Classes from the Debtor's future operations. In addition, the New Value Contribution may be used to fund Plan payments.

2. Distributions under the Plan

The Effective date of the Plan means the first Business Day occurring on or after of the first day Calendar month following after the Confirmation Date but no earlier than 31st day after the confirmation.

3. Plan Disbursing Agent.

Don Schien will serve as the Disbursing Agent for the Plan and the Debtor will administer the Plan and any payments called for herein. No separate compensation will be paid to the Disbursing Agent for performing the services called for under the Plan.

4. Unclaimed Distributions

With respect to unclaimed distributions by either a Holder of an Allowed Administrative Claim or a Holder of an Allowed Priority Claim, if such Holder fails to negotiate a check issued to such Holder within ninety (90) days of the date such check was issued, then the Debtor may provide written notice to such Holder stating that unless such Holder negotiates such check within thirty (30) days of the date of such notice, the amount of cash attributable to such check will be deemed to be unclaimed, such Holder's Claim will no longer be deemed to be Allowed, and such Holder will be deemed to have no further Claim in respect of such check and will not participate in any further distributions under the Plan.

If a distribution to such Holder is returned due to an incorrect or incomplete address for the Holder of such Allowed Claim, as to such distribution within one hundred twenty (120) days of the return of such distribution, then the amount of cash attributable to such distribution will be deemed to be unclaimed and such Holder will be deemed to have no further Claim in respect of such distribution and will not participate in any further distributions under the Plan.

Any unclaimed cash distribution as described above will be distributed to other Holders of Allowed Claims in the same Class as the unclaimed distributee, utilized to pay Allowed Claims of higher priority, or transferred to the Debtor for further distribution to the creditors pursuant to the Court's directive.

5. Transfers of Claims

In the event that the Holder of any Claim will transfer such Claim on and after the Effective Date, it will immediately advise the Reorganized Debtor, the Debtor and the Trustee and their counsel in writing of such transfer. The Reorganized Debtor, the Debtor and the Trustee, as the case may be, will be entitled to assume that any Holder has made no transfer of any Claim unless such parties have received written notice to the contrary. Each transferee of any Claim will take such Claim subject to the provisions of the Plan and to any request made, waiver or consent given, or other action taken hereunder and, except as otherwise expressly provided in such notice, the Reorganized Debtor, the Debtor or the Trustee, as the case may be, will be entitled to assume conclusively that the transferee named in such notice will thereafter be vested with all rights and powers of the transferor under the Plan.

6. Discharge of Claims

Except as expressly provided in the Plan or the Confirmation Order, all Claims against Debtor, except to the extent of valid claims against co-obligors, shall be satisfied by the

distributions or treatments received under this Plan. Further, except as expressly provided in the Plan or the Confirmation Order, all Holders shall be precluded from asserting against the Reorganized Debtor, or its assets, or, any further Claim based on any act, omission, transaction or activity of any kind or nature that occurred before the Confirmation Date, whether or not such holder filed a proof of claim in this Case.

Except as provided for in the Plan, all holders of Interests shall be precluded from asserting against the Reorganized Debtor, or its assets, on account of such Interests, any further right, title or interest based on any act, omission, transaction or activity of any kind or nature that occurred before the Effective Date, whether or not such holder filed a proof of interest in Case.

As of the Effective Date, all entities that have held, currently hold or may hold a Claim against the Debtor are permanently enjoined from taking any of the following actions on account of any such Claim against the Reorganized Debtor as provided in the Plan or the Confirmation Order: (i) commencing or continuing in any manner any actions or other proceeding; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order; (iii) creating, perfecting or enforcing any lien or encumbrance; and (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation.

7. Other Pertinent Plan Provisions

Pursuant to § 1146(a) of the Bankruptcy Code, the issuance, distribution, transfer or exchange of any security or the making, delivery or recording of any instrument of transfer pursuant to, in implementation of or as contemplated by the Plan or any Plan Document, or the revesting, transfer or sale of any real or personal Property of, by or in the Debtor pursuant to, in implementation of or as contemplated by the Plan or any Plan Document, or any transaction arising out of, contemplated by or in any way related to the foregoing, shall not be subject to any document

recording tax, stamp tax, conveyance fee, intangible or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, or other similar tax or governmental assessment, and the appropriate state or local governmental officials or agents shall be, and hereby are, directed to forego the collection of any such tax or governmental assessment and to accept for filing and recording any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

C. Modification of Plan

The Debtor may modify the Plan at any time prior to the entry of the Confirmation Order provided that the Plan as modified and the Disclosure Statement meet applicable requirements of the Bankruptcy Code and the Rules.

After the Confirmation Date and before the Effective Date of the Plan, the Debtor or the Reorganized Debtor (as the case may be) may modify the Plan in a way that materially or adversely affects the interests, rights, treatment, or distributions of a Class of Claims, provided that (a) the Plan, as modified, meets applicable Bankruptcy Code requirements; (b) the Debtor obtains Bankruptcy Court approval for such modification, after notice and a hearing; (c) such modification is accepted by at least two-thirds in amount, and more than one-half in number, of Allowed Claims or Allowed Equity Interests voting in each Class adversely affected by such modification; and (d) the Debtor comply with Section 1125 of the Bankruptcy Code with respect to the Plan, as modified.

In the event any Class of Claims votes against the Plan, and the Plan is not revoked or withdrawn, the Debtor hereby requests, and will be allowed, to modify the terms of the Plan to effect a "cramdown" on the dissenting Class or Classes by (a) restructuring the treatment of any Class on terms consistent with Section 1129(b)(2)(B) of the Bankruptcy Code, or (b) deleting distributions to all Classes at or below the level of the objecting Class, or reallocating such

distributions, until such impaired senior Classes are paid in accordance with the absolute priority rule of Section 1129(b) of the Bankruptcy Code. The Debtor may make such modifications or amendments to the Plan and such modifications or amendments will be filed with the Bankruptcy Court and served on all parties in interest entitled to receive notice of the Confirmation Hearing. No such modifications will require any re-solicitation of acceptances as to the Plan by any Class of Claims unless the Bankruptcy Court will require otherwise.

Notwithstanding any provision of the Plan to the contrary, the Debtor reserves any and all rights it may have to challenge the validity, perfection, priority, scope, and extent of any Liens in respect to any Secured Claims and the amount of any Secured Claims, the Holders of which have not accepted the Plan.

D. Revocation or Withdrawal of the Plan

The Debtor reserves the right to revoke or withdraw the Plan prior to the Confirmation Date. If the Plan is revoked or withdrawn, or if Confirmation of the Plan does not occur, then the Plan will be deemed null and void in all respects and nothing contained in the Plan will be deemed to (a) constitute a waiver or release of any Claims by or against, or Equity Interests in, the Debtor or any other person or other entity, or (b) prejudice in any manner the rights of the Debtor or any other Person or other Entity in any further proceedings involving the Debtor.

E. Risk Factors

Certain substantial risk factors are inherent in most commitments made pursuant to a plan of reorganization in a Chapter 11 case. If such plans are accepted, it is usually because they represent a greater hope for returns and dividends than in a liquidating Chapter 7 case. The Debtor business is tied to the housing market as such it is dependent on the changes in the market. All of the risk factors inherent in commitments made pursuant to a Plan of Reorganization in Chapter 11

cases are present in this case. With the Plan of reorganization the Debtor proposes a viable repayment of its debts.

F. Tax Consequences of Plan

Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, and/or Advisors, as the Debtor their attorneys and accountants make no representation warranties, estimates, or opinions on the tax effects of Plan confirmation or any claims and/or creditor.-

Pursuant to section 166 of the Internal Revenue Code (the "IRS Code"), the amount of any debt discharged in this proceeding may be eligible to be deducted by creditors to the extent of their tax basis in the debt discharged. Creditors are advised to consult with their tax advisors with respect to the specific consequences to them resulting from the discharge, which will depend upon their specific circumstances.

The potential tax consequences to the Debtor, any successor or hypothetical investor could be significant. The discharge of a debt under the Chapter 11 of the Bankruptcy Code generally will not result in income to the Debtor pursuant to IRS Code Section 108. However, tax attributes on a going forward basis such as net operating losses, general business credits, minimum tax credits and capital loss carryovers may be lost or substantially reduced. In addition, the basis for assets, passive activity carryovers and foreign tax credit carryovers may also be reduced.

G. Assumption and Rejection of Executory Contracts and Leases

Pursuant to §§ 365 and 1123(b)(2) of the Bankruptcy Code, all. The Debtor shall assume the office leases and shall cure all arrearages and breaches if any thereunder within sixty (60) days after the Effective Date.

H. Determination of Claims

Unless otherwise ordered by the Bankruptcy Court, and except as to any late-filed Claims and Claims resulting from the rejection of executory contracts or unexpired leases, if any, all objections to Claims shall be filed with the Bankruptcy Court by no later than thirty (30) days following the Effective Date (unless such period is extended by the Bankruptcy Court), and the Confirmation Order shall contain appropriate language to that effect. Holders of Unsecured Claims that have not filed such Claims on or before the Bar Date shall serve notice of any request to the Bankruptcy Court for allowance to file late Unsecured Claims on the Debtor Counsel and such other parties as the Bankruptcy Court may direct. If the Bankruptcy Court grants the request to file a late Unsecured Claim, such Unsecured Claim shall be treated in all respects as a Class 6 General Unsecured Claim. Objections to late-filed Claims and Claims resulting from the rejection of executory contracts or unexpired leases shall be filed on the later of (a) sixty (60) days following the Effective Date or (b) the date thirty (30) days after the Debtor receives actual notice of the filing of such Claim.

VI. Plan Feasibility

The Debtor believes the Plan is Feasible. The Debtor believes that the Reorganized Debtor will have sufficient cash flow to operate profitably and pay all monetary obligations under the Plan. Attached hereto as Exhibit 3 is a projection for the Debtor that demonstrates that it will generate sufficient revenue over the life of the Plan to make the payments called for in the Plan. As such, the Debtor believes that the Plan is feasible.

VII. Liquidation Analysis

Liquidation of the Debtor would, after some effort, partially pay the secured creditors, but that is not a certainty. While on paper the Debtor's assets are valued at \$770,100, it may be that

the assets would bring far less on liquidation because even formerly good paying customers may not pay in full, and because at forced sales, the assets might bring substantially less than their in-place value. In addition, there would be substantial costs of sale. Allowing the Debtor to remain in business, however, appears to the Debtor much more likely to bring a full return to creditors. First, the Debtor's Projections show that it will remain profitable, so that more assets will be created over time with which to pay claims. Second, the longer the Debtor is in business, the less it will be indebted, thereby increasing its net worth and increasing the chances it will refinance its bank debt elsewhere, with the attendant savings.

VIII. Annual Financial Statements

As noted above, the Debtor's financial statements for its operations during the year prior to the commencement of the Debtor's Chapter 11 Case are attached to this Disclosure Statement.

IX. Alternatives to the Proposed Plan

Conversion to a Liquidation Case the likely Alternative. The alternative to the Plan, as proposed, would be conversion of the Chapter 11 Case to Chapter 7 Case and the subsequent liquidation of the Debtor's assets by an appointed or elected Trustee, by a state court receiver, or by Northbrook Bank taking possession of the Debtor's assets and selling them at auction or otherwise, with the attendant risks described above. Accordingly, the Debtor believes that confirmation of its Plan is in the best interests of the Creditors and recommends that you vote to accept the Plan.

X. Purpose of This Document

The purpose of this Disclosure Statement is to provide the Holders of Claims with adequate information to make an informed judgment about the Plan. This information includes, among other things, (a) the procedures for voting on the Plan, (b) a summary of the Plan and an explanation of

how the Plan will function, including the means of implementing and funding the Plan, (c) general information about the history and business of the Debtor prior to the Petition Date, (d) the events leading to the filing of the bankruptcy petition, and (e) a summary of significant events which have occurred to date in this bankruptcy case.

This Disclosure Statement contains important information about the Plan and considerations pertinent to a vote for, or against, the confirmation of the Plan. All parties entitled to cast a ballot are encouraged to review this Disclosure Statement carefully.

Unless otherwise defined herein, all capitalized terms used in this Disclosure Statement have the meanings ascribed to them in the Plan. Any other term used in this Disclosure Statement and not otherwise defined shall have the meaning given to it in the Bankruptcy Code.

The summary of the Plan contained herein addresses only certain provisions of the Plan. As a summary, it is qualified in its entirety by reference to the Plan itself and any Plan Documents, which are referred to therein as being filed prior to Confirmation. Upon Confirmation and the Effective Date, the Plan and the Plan Documents referred to therein shall control and bind the Debtor, all of the Debtor's Creditors, and other parties in interest except as expressly set forth in the Plan.

The Plan Documents (i.e. all documents that aid in effectuating the Plan, including the Exhibits), if any, will be filed with the Bankruptcy Court with this Disclosure Statement; provided, however, that the Debtor may amend the Plan Documents through and including the Confirmation Date. Upon their filing with the Bankruptcy Court, the Plan Documents may be inspected in the Clerk's Office during normal business hours or may be obtained from the Debtor's counsel, O. Allan Fridman, at 555 Skokie Blvd Suite 500, Northbrook, IL 60062-847-412-0788.

XI. Who May Vote

Only the Holders of Claims which are deemed “Allowed” under the Bankruptcy Code and which are “Impaired” under the terms and provisions of the Plan are permitted to vote to accept or reject the Plan. For purposes of the Plan, the Holders of Allowed Claims in the Voting Classes (i.e. Classes 2, 3 and 4) are Impaired under the Plan and thus may vote to accept or reject the Plan. Accordingly, a Ballot is being provided to members of the Voting Classes.

XII. How to Vote

Each holder of a Claim in a Voting Class should read this Disclosure Statement, together with the Plan and other exhibits hereto, in their entirety. After carefully reviewing the Plan and this Disclosure Statement and their respective exhibits, please complete the enclosed Ballot, including indicating your vote thereon with respect to the Plan, and return it as provided below. If you are a member of a Voting Class and did not receive a Ballot, if your Ballot is damaged or lost, please call O. Allan Fridman, counsel for the Debtor, at 847-412-0788.

YOU SHOULD COMPLETE AND SIGN THE ENCLOSED BALLOT AND RETURN IT AS DESCRIBED BELOW. IN ORDER TO BE COUNTED, BALLOTS MUST BE DULY COMPLETED AND EXECUTED AND RECEIVED BY NO LATER THAN THE BALLOT DATE DEADLINE OF _____, 2016, UNLESS SUCH DEADLINE IS EXTENDED BY COURT ORDER.

All Ballots should be returned and delivered by regular mail, hand delivery or overnight delivery:

Office of the Clerk
United States Bankruptcy Court Northern District of Illinois
219 South Dearborn Street
7th Floor
Chicago, Illinois 60604

and a copy of the executed Ballot should be mailed to Counsel for the Debtor:

O. Allan Fridman
555 Skokie Blvd.
Suite 500
Northbrook, Illinois 60062
847-412-0788
allanfridman@gmail.com

As the holder of an Allowed Claim in the voting Classes, your vote on the Plan is extremely important. In order for the Plan to be accepted and thereafter confirmed by the Court without resorting to the "cram-down" provisions of Section 1129(b) of the Bankruptcy Code as to other classes of Allowed Claims, votes representing at least two-thirds in amount and more than one-half in number of Allowed Claims of each impaired Class of Claims that are voting must be cast for the acceptance of the Plan. The Debtor are soliciting acceptances only from members of the Voting Classes. You may be contacted by the Debtor with regard to your vote on the Plan. "Cramdown" is more fully explained below.

XIII. Acceptance or Rejection of the Plan

A. Each Impaired Class Entitled to Vote Separately.

The Holders of Claims or Interests in each Impaired Class of Claims or Interests shall be entitled to vote separately to accept or reject the Plan.

B. Acceptance by Impaired Classes.

Pursuant to Section 1126(c) of the Bankruptcy Code, an Impaired Class of Claims will have accepted the Plan if (a) the Holders (other than any Holder designated pursuant to Section 1126(e) of the Bankruptcy Code) of at least two-thirds (2/3) in dollar amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (b) the Holders (other than any Holder designated pursuant to Section 1126(e) of the Bankruptcy Code) of more than one-half (2) in number of the Allowed Claims actually voting in such Class have voted to accept the Plan.

C. Best Interests Standard.

The Bankruptcy Code requires that the Plan meet the "best interest" test, which requires that members of a Class must receive or retain under the Plan, property having value not less than the amount which the Class members would have received or retained if the Debtor was liquidated under Chapter 7 on the same date. The Debtor believes that Distributions to all Impaired Classes of Claims in accordance with the terms of the Plan would exceed the net Distribution that would otherwise take place in Chapter 7. Attached is the Liquidation Analysis (Exhibit 4) that shows that creditors will receive under the Plan more than they would receive if the Debtor were liquidated under Chapter 7.

D. Confirmation without Acceptance by all Impaired Classes.

If one or more of the Impaired Classes of Claims does not accept Plan, it may nevertheless be confirmed and be binding upon the non-accepting Impaired Class through the "cram-down" provisions of the Bankruptcy Code, if the Plan does not "discriminate unfairly" and is "fair and equitable" to the non-accepting Impaired Classes.

E. Discriminate Unfairly.

The Bankruptcy Code requirement that a plan not "discriminate unfairly" means that a dissenting class must be treated equally with respect to other classes of equal rank. The Debtor Plan does not "discriminate unfairly" with respect to any Class of Claims or Equity Interests because no class is afforded treatment which is disproportionate to the treatment afforded other Classes of equal rank, and the treatment under the Plan follows the Distribution scheme dictated by the Bankruptcy Code.

F. Fair and Equitable Standard.

The "fair and equitable" standard, also known as the "absolute priority rule," requires that

a dissenting class receive full compensation for its allowed Claims or interests before any junior class receives any Distribution. The Debtor believes the Plan is fair and equitable to all Classes pursuant to this standard. With respect to the Impaired Classes of Claims, Bankruptcy Code § 1129(b)(2)(B) provides that a plan is “fair and equitable” if it provides that (i) each Holder of a Claim of such a class receives or retains on account of such claim, property of a value as of the effective date of the plan equal to the allowed amount of such claim; or (ii) the Holder of any Claim or interest that is junior to the Claims of such class will not receive or retain any property under the plan on account of such junior claim or interest.

The Debtor believes that the Plan satisfies the absolute priority rule or any exception thereto. Accordingly, if necessary, the Debtor believes the Plan meets the requirements for Confirmation by the Bankruptcy Court, notwithstanding the non-acceptance by an Impaired Class of Claimants.

G. Non-Confirmation of the Plan.

If the Bankruptcy Court does not confirm the Plan, the Court may permit the filing of an amended plan, dismiss the case, or convert the case to Chapter 7. In a Chapter 7 case, the Debtor Assets would be sold and distributed to the Unsecured Creditors after the payment of all Secured Claims, costs of administration and the payment of Priority Claims.

XIV. Confirmation Hearing

Pursuant to section 105(d)(2)(B) of the Bankruptcy Code, the Court may order that the hearing ("Consolidated Hearing") on the approval of this Disclosure Statement shall be consolidated with the hearing on the confirmation of the Plan, which hearing has been set for _____ at _____ a.m. at the United States Bankruptcy Court for the Northern District of Illinois, Courtroom 742, Chicago, Illinois. The Hearing may be

adjourned from time to time by the Court without further notice except for an announcement of the adjourned date made at the hearing.

Objections to confirmation of the Plan or to approval of the Disclosure Statement shall be filed with the Court on or before _____, and served by the same date on the Debtor, Debtor's counsel and the United States Trustee.

XV. Disclaimer

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. ALTHOUGH REASONABLE EFFORT HAS BEEN MADE TO BE ACCURATE IN THIS DISCLOSURE STATEMENT, THE DEBTOR DOES NOT WARRANT THAT THE FINANCIAL AND OTHER FACTUAL INFORMATION AND REPRESENTATIONS CONTAINED HEREIN (WHICH FINANCIAL INFORMATION HAS BEEN PROVIDED SOLELY BY THE DEBTOR, AND NOT BY ITS ATTORNEYS OR ACCOUNTANTS) IS WHOLLY WITHOUT INACCURACY. NO REPRESENTATIONS CONCERNING THE DEBTOR IS AUTHORIZED, OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE THAT ARE NOT CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON YOU IN ARRIVING AT YOUR DECISION TO SUPPORT OR REJECT THE PLAN.

XVI. Debtor's Recommendation

The Debtor believes that it is in the best interest of the Estate, its Creditors and its Equity Security Holders for the proposed Plan to be approved and, as such, the Debtor urges its Creditors cast ballots to accept the Plan.

Respectfully submitted,

Albany, LLC

By: /s/ O. Allan Fridman
One of its Attorney

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