

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
Baltimore Division

IN RE:	*	
Shri Nathji, LLP,	*	Case No. 16-20275
	*	Chapter 11
	*	Jointly Administered
Debtor	*	
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Shri Gurukrupa, LLC	*	
	*	
Debtor	*	
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**DISCLOSURE STATEMENT TO JOINT PLAN OF LIQUIDATION
OF SHRI NATJHI, LLP AND SHRI GURUKRUPA, LLC
AS PROPOSED BY OLD LINE BANK**

Dated: January 13, 2017

Old Line Bank hereby proposes and files this Disclosure Statement (the “Disclosure Statement”) to Joint Plan of Liquidation of Shri Nathji, LLP and Shri Gurukrupa, LLC as Proposed by Old Line Bank dated January 13, 2017 (the “Plan”).

THIS DISCLOSURE STATEMENT IS DESIGNED TO PROVIDE ADEQUATE INFORMATION TO ENABLE HOLDERS OF CLAIMS AGAINST THE DEBTORS TO MAKE AN INFORMED JUDGMENT ON WHETHER TO ACCEPT OR REJECT THE PLAN. ALL HOLDERS OF CLAIMS ARE HEREBY ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, WHICH IS ANNEXED HERETO AS EXHIBIT “A” AND OTHER DOCUMENTS REFERENCED AS FILED WITH THE COURT BEFORE OR CONCURRENTLY WITH THE FILING OF THIS DISCLOSURE STATEMENT. FURTHERMORE, THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN THE SUBJECT OF AN AUDIT. SUBSEQUENT TO THE DATE HEREOF, THERE CAN BE NO ASSURANCE THAT: (A) THE INFORMATION AND REPRESENTATIONS CONTAINED HEREIN WILL CONTINUE TO BE MATERIALLY ACCURATE; AND (B) THIS DISCLOSURE STATEMENT CONTAINS ALL MATERIAL INFORMATION.

ALL HOLDERS OF CLAIMS SHOULD READ AND CONSIDER CAREFULLY THE MATTERS DESCRIBED IN THIS DISCLOSURE STATEMENT AS A WHOLE PRIOR TO VOTING ON THE PLAN. IN MAKING A DECISION TO ACCEPT OR REJECT THE PLAN, EACH CREDITOR MUST RELY ON ITS OWN EXAMINATION OF THE DEBTORS AS DESCRIBED IN THIS DISCLOSURE STATEMENT AND THE TERMS OF THE PLAN, INCLUDING THE MERITS AND RISKS INVOLVED. EVEN AFTER THE EFFECTIVE DATE, DISTRIBUTIONS UNDER THE PLAN MAY BE SUBJECT TO SUBSTANTIAL DELAYS FOR CREDITORS WHOSE CLAIMS ARE DISPUTED.

NO PARTY IS AUTHORIZED BY OLD LINE BANK TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS WITH RESPECT TO THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. NO REPRESENTATIONS OR INFORMATION CONCERNING THE DEBTORS, THEIR FUTURE BUSINESS OPERATIONS OR THE VALUE OF ITS PROPERTY HAVE BEEN AUTHORIZED BY THE DEBTORS. ANY INFORMATION OR REPRESENTATIONS GIVEN TO OBTAIN YOUR ACCEPTANCE OR REJECTION OF THE PLAN WHICH ARE DIFFERENT FROM OR INCONSISTENT WITH THE INFORMATION OR REPRESENTATIONS CONTAINED HEREIN AND IN THE PLAN SHOULD NOT BE RELIED UPON BY ANY CREDITOR IN VOTING ON THE PLAN.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016(b) OF THE

FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER APPLICABLE NONBANKRUPTCY LAW. PERSONS OR ENTITIES HOLDING OR TRADING IN, OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING CLAIMS AGAINST, OR SECURITIES OF, THE DEBTORS, IF ANY, SHOULD EVALUATE THIS DISCLOSURE STATEMENT IN LIGHT OF THE PURPOSE FOR WHICH IT WAS PREPARED.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS SUCH COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

WITH RESPECT TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER PENDING OR THREATENED ACTIONS, THE DISCLOSURE STATEMENT AND PLAN AND THE INFORMATION CONTAINED THEREIN SHALL NOT BE CONSTRUED AS AN ADMISSION OR STIPULATION, BUT RATHER AS STATEMENTS MADE IN SETTLEMENT NEGOTIATIONS GOVERNED BY RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND ANY OTHER RULE OR STATUTE OF SIMILAR IMPORT.

THIS DISCLOSURE STATEMENT AND PLAN SHALL NEITHER BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY NOR BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN. EACH CREDITOR SHOULD, THEREFORE, CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL, AND TAX ADVISORS AS TO ANY SUCH MATTERS CONCERNING THE SOLICITATION, THE PLAN OR THE TRANSACTIONS CONTEMPLATED THEREBY.

This Disclosure Statement, the Plan annexed hereto as Exhibit "A", the accompanying form of Ballot, and the related materials delivered together herewith are being furnished by Old Line Bank to holders of Claims pursuant to Section 1125 of the Bankruptcy Code, to permit creditors the opportunity to either accept or reject the Plan (and the transactions contemplated thereby, as disclosed herein). Capitalized terms in this Disclosure Statement, to the extent not otherwise defined herein, shall have the same definition that is assigned to capitalized terms in the Plan.

INTRODUCTION AND SUMMARY

Introduction

On August 1, 2016, Shri Nathji, LLP filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Maryland. The Chapter 11 Case commenced thereby has been pending before the Honorable Robert A Gordon and is assigned Case No. 16-20275.

On August 30, 2016, Shri Gurukrupa, LLC filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Maryland. The Chapter 11 Case commenced thereby has been pending before the Honorable Robert A Gordon and is assigned Case No. 16-21645. Shri Nathji, LLP and Shri Gurukrupa, LLC are collectively referred to as the “Debtors.” The Debtors cases are being jointly administered as Case No. 16-20275.

This Disclosure Statement is provided pursuant to Section 1125 of the Bankruptcy Code to all of the Debtor’s known Creditors, Equity Interest holders and other parties of interest, in connection with solicitation of the acceptance of Old Line Bank’s Joint Plan of Liquidation of Shri Nathji, LLP and Shri Gurukrupa, LLC as Proposed by Old Line Bank dated January 11, 2017 (the “Plan”), which has been filed with the Bankruptcy Court. The purpose of this Disclosure Statement is to provide such information as will enable a hypothetical, reasonable investor, typical of the holder of Claims against any Interest in the Debtors, to make an informed judgment in exercising his, her or its right either to accept or reject the Plan.

Old Line Bank is requesting a combined hearing on the approval of this Disclosure Statement and for the Confirmation of the Plan. If the request is granted, the Bankruptcy Court will schedule a combined hearing to consider the approval of the Disclosure Statement and Confirmation of the Plan. This hearing may be adjourned from time to time without further notice other than by announcement in the Bankruptcy Court on the scheduled date of such hearing. At that hearing, the Bankruptcy Court will consider whether the Plan satisfies the various requirements of the Code, including whether the Plan is feasible and whether it is in the best interest of the creditors. The Bankruptcy Court will also receive and consider a ballot report at the combined hearing prepared by the Trustee concerning the votes for acceptance or rejection of the Plan by the parties in interest and creditors entitled to vote.

Old Line Bank seeks the support of Creditors in the confirmation of the Plan. The Plan is described in greater detail below, and is attached as Exhibit “A” to this Disclosure Statement. Your acceptance of the Plan is important.

THE BANKRUPTCY COURT’S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE EITHER A GUARANTY OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT OR AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.

The Bankruptcy Court will hold a combined hearing on the approval of this Disclosure Statement and Confirmation of the Plan on _____, 2017, at the hour of _____ a.m., in Courtroom 1-B of the United States Bankruptcy Court, 101 W. Lombard Street, Baltimore, Maryland 21201.

OLD LINE BANK BELIEVES THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTORS AND THEIR CREDITORS, AND OFFERS CREDITORS THE BEST OPPORTUNITY FOR A FULL DISTRIBUTION ON ACCOUNT OF THEIR CLAIMS. OLD LINE BANK URGES ALL OF THE DEBTORS CREDITORS TO VOTE IN FAVOR OF THE PLAN.

Voting Instructions

Your vote on the Plan is important. Non-acceptance of the Plan could lead to delays in distributions to Creditors. Your vote will help preserve the value of the Debtors' estates for the benefit of Creditors. A ballot is enclosed for use by Creditors. Whether or not you expect to be present at the hearing to consider confirmation of the Plan, you are urged to fill-in, date, sign and properly mail or fax the ballot accompanying the Plan and this Disclosure Statement to Craig M. Palik, Esq., McNamee Hosea, 6411 Ivy Lane, Suite 200, Greenbelt, Maryland 20770, Fax (301) 982-9450. For your ballot to count, it must be received prior to the date and time shown thereon.

TO BE COUNTED, ALL BALLOTS MUST BE SENT SO THAT THEY ARE ACTUALLY RECEIVED AT THE ABOVE ADDRESS NO LATER THAN 11:59 P.M. ON THE DATE IDENTIFIED IN THE ATTACHED ORDER FOR FILING ACCEPTANCES AND REJECTIONS OF THE PLAN. IF YOUR BALLOT IS NOT PROPERLY COMPLETED, SIGNED AND RETURNED AS DESCRIBED, IT WILL NOT BE COUNTED. IF YOUR BALLOT IS DAMAGED OR LOST, YOU MAY REQUEST A REPLACEMENT BALLOT BY CONTACTING COUNSEL FOR THE DEBTORS.

Acceptance of Plan

Each Holder of an Allowed Claim or an Allowed Interest that is impaired under the Plan may vote to accept or reject the Plan. The Classes that are impaired and entitled to vote under the Plan are: Class 1 – Secured Claims of Old Line Bank against Shri Nathji, LLP; Class 3 – Unsecured Claims against Shri Nathji, LLP; and Class 5 – Unsecured Claims against Shri Gurukrupa, LLC.

An Impaired Class of Creditors is deemed to accept the Plan if at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims in that Class (who actually vote) vote on the Plan. Except as provided in the Bankruptcy Code, the acceptance of each Class of Impaired Creditors is required in order to confirm the Plan. **IF YOU FAIL TO VOTE ON THE PLAN, THE OUTCOME WILL BE DETERMINED BY OTHER CREDITORS. YOU WILL BE BOUND BY THE RESULT, EVEN IF YOU FAIL TO VOTE.** The requirements for confirmation of the Plan are discussed in greater detail below.

SIGNIFICANT PRE-PETITION MATTERS

Background Regarding the Debtors and Circumstances Causing the Chapter 11 Case

Shri Nathji is the owner of the Property improved by a hotel that has previously operated under the flag(s) of Roadway Inn/Econolodge. The property address of the hotel is 5895 Bonnie View Lane, Elkridge, Maryland 21075 (the “Real Property”). Shri Nathji does not operate the hotel. The hotel on the Real Property is operated by Shri Gurukrupa, LLC, which has historically paid the operating expenses and taxes of Shri Nathji, LLP.

Over the past several years, the Debtors suffered a decline in business and cash flow problems developed. The Debtors explored all options to stabilize business operations, including by, among other things, seeking additional capital. Unfortunately, the Debtors efforts to obtain capital were unsuccessful and Debtors were left unable to pay all of their business expenses when they came due.

Shri Nathji, LLP is indebted to the Old Line Bank by virtue of an Indemnity Deed of Trust and Security Agreement (the “IDOT”) it pledged to Old Line Bank dated September 2, 2008 and recorded among the land records of Circuit Court for Howard County, Maryland on September 4, 2008 at Liber 11347, Folio 56. The IDOT pledges the Property and, inter alia, all personal property, accounts, leases and rents belonging to the Shri Nathji, LLP. The IDOT was granted to the Old Line Bank as security for a loan between Old Line Bank and Shri Gurukrupa, LLC in the principal amount of \$1,600,000.00 (the “Shri Gurukrupa Loan”). The Shri Gurukrupa Loan is evidenced by a Promissory Note dated September 2, 2008, (the “Shri Gurukrupa Note”). The Shri Gurukrupa Note and the IDOT and all other documents evidencing the indebtedness and obligations of the Debtors to the Old Line Bank are collectively referred to as the “Loan Documents.” Pursuant to the Loan Documents, the Old Line Bank holds a valid, enforceable, and unavoidable first-priority interest in and lien against, inter alia, the Property, all leases of the Property, all rent, revenue, or profits generated from the operation and lease of the Property, and the proceeds thereof (collectively, with all other property securing the indebtedness to the Old Line Bank, the “Collateral”).

Old Line Bank confessed judgment against Shri Gurukrupa, LLC and Shri Nathji, LLP in the Circuit Court for Howard County in the amount of \$1,414,896.88, which was comprised of \$1,374,449.41 in principal, \$12,816.38 in interest through December 21, 2016, \$24,387.09 in late fees, \$3,244.00 in attorneys’ fees plus court costs with post-judgment interest accruing at the rate of 10% per annum (post-judgment interest continues to accrue and is calculated at rate of \$205.78562 per diem). Old Line Bank has timely filed proofs of claim in the Debtors’ Cases.

Shri Nathji commenced its bankruptcy case the day before the Property was to be sold for the benefit of Old Line Bank at a duly noticed and authorized foreclosure sale on August 1, 2016. Shri Gurukrupa, LLC commenced its bankruptcy case on August 30, 2016.

POST-PETITION EVENTS

From the filing of their bankruptcy petitions on August 1, 2016, and August 30, 2016, respectively, the Debtors have operated their businesses as Debtors-In-Possession. The following is a summary of significant actions taken in the Chapter 11 Cases.

Engagement of Professionals

During the course of this case, Debtors have sought to employ Tate Russack and the firm of RLC, P.A., as bankruptcy counsel. Debtors have also sought to employ as accountant Arun Chwala, CPA of Chwala & Chwala, P.C. On September 19, 2016, the Bankruptcy Court approved the employment of Tate Russack and the firm of RLC, P.A., as bankruptcy counsel. On September 26, 2016 the Bankruptcy Court approved the employment of Arun Chwala, CPA of Chwala & Chwala, P.C. as accountant.

Bar Dates

The Court set bar dates governing the filing of proofs of claims and proofs of interest. All proofs of claim and proofs of interest (other than claims of governmental entities) had to be filed no later than December 6, 2016 for Shri Nathji, LLP. The Bar Date for governmental entities to file proofs of claim is January 30, 2017 for Shri Nathji, LLP. All proofs of claim and proofs of interest (other than claims of governmental entities) had to be filed no later than December 27, 2016 for Shri Gurukrupa, LLC. The Bar Date for governmental entities to file proofs of claim is February 27, 2017 in the case of Shri Gurukrupa, LLP. The failure to file or deliver a proof of claim or a proof of interest by the applicable bar date constitutes a bar against the assertion, allowance or distribution on account of any such claim or interest.

Motion to Dismiss the Chapter 11 Case of Shri Nathji, LLP

On August 8, 2011 Old Line Bank filed a Motion to Dismiss the Chapter 11 Case of Shri Nathji, LLP. An evidentiary hearing on the Motion to Dismiss was held on September 6, 2016. On September 19, 2016 the Bankruptcy Court entered an Order denying the Motion to Dismiss.

Order Authorizing Payment of Single Asset Real Estate Payments

On September 5, 2016 the Debtors filed a Motion to Substantively Consolidate the Chapter 11 Cases of Shri Nathji, LLP and Shri Gurukrupa, LLC, or for Joint Administration in the alternative. An evidentiary hearing on the Motion to Substantively Consolidate the Chapter 11 Cases was held on October 24, 2016. On December 23, 2016 the Bankruptcy Court entered a Consent Order authorizing the Joint Administration of the Debtors Cases and withdrawing the Debtors' Motion for Substantive Consolidation.

Motion to Substantively Consolidate the Chapter 11 Cases of Shri Nathji, LLP and Shri Gurukrupa, LLC

On September 6, 2016 the Shri Nathji, LLP filed a Motion to Establish the Single Asset Real Estate payment for Shri Nathji, LLP. A hearing on the Motion to Establish the Single Asset Real

Estate payment for Shri Nathji, LLP was held on October 24, 2016. On November 2, 2016 the Bankruptcy Court entered an Order Establishing And Authorizing Interest Payments Pursuant to 11 U.S.C. Section 362 (d)(3)(B) in the amount of \$4,491.67 monthly.

Extension of Exclusivity Periods

Under Section 1121 of the Bankruptcy Code, the Debtors had the exclusive right to file a plan of reorganization, and to obtain acceptance of a plan, through the 120th and 180th days, respectively, following the Petition Date. The Debtors have sought no extensions of these dates. The exclusivity period to file a plan has now expired with respect to both Debtors.

Assumption and Rejection of Executory Contracts and Unexpired Leases

No motions to assume or reject executory contracts and unexpired leases have been filed by the Debtors.

Operating Results

As indicated previously, Shri Nathji, LLP does not operate the hotel located on its Property at 5895 Bonnie View Lane, Elkridge, Maryland 21075. Consistent therewith, the Monthly Operating Reports filed by Shri Nathji, LLP indicate that it has earned no income and paid no expenses during the course of its Chapter 11 Case.

The last filed Monthly Operating Report filed by Shri Gurukrupa, LLC was filed for the month of October 2016. The October 2016 Monthly Operating Report indicates that Shri Gurukrupa, LLC has received income of \$82,117 against expenses of \$77,790, for a positive cash flow of \$4,327 over the two months of reporting.

The operating results of the Debtors indicate a lack of any ability to meaningfully service debt obligations in any commercially reasonable manner or to propose a plan of reorganization reasonably capable of being confirmed by the Bankruptcy Court.

SUMMARY OF THE PLAN

Introduction

The Plan provides for all of the assets utilized in the operation the Debtors' businesses to be sold at an Auction by Auctioneer within forty-five (45) days of the entry of an Order Confirming the Plan and treatment of Claims asserted against the Debtors. Closing is to occur within thirty (30) days of the Auction. A summary of the classification of Claims is set forth below. Old Line Bank reserves the right to object to the validity, priority or extent of Claims as set forth in the Plan.

Class 1 – Secured Claims of Old Line Bank against Shri Nathji, LLP. Class 1 consists of all allowed Secured Claims held by Old Line Bank against Shri Nathji, LLP.

Class 2 – Other Secured Claims against Shri Nathji. Class 2 consists of all allowed Secured Claims held by any party other than Old Line Bank against Shri Nathji, LLP.

Class 3 – Unsecured Claims against Shri Nathji, LLP. Class 3 consists of all allowed Unsecured Claims against Shri Nathji, LLP.

Class 4 – Interests in Shri Nathji, LLP. Class 4 consists of all Interests in Shri Nathji, LLP.

Class 5 – Unsecured Claims against Shri Gurukrupa, LLC. Class 5 consists of all allowed Unsecured Claims against Shri Gurukrupa, LLC.

Class 6 – Interests in Shri Gurukrupa, LLC. Class 6 consists of all Interests in Shri Gurukrupa, LLC.

The above summary is subject to the full text of the Plan, a copy of which is attached hereto as Exhibit A. To the extent that a conflict exists between this summary and the terms of the Plan, the text of the Plan controls.

Classification and Treatment of Claims and Interests

The following is the designation of the Classes of Claims and Interests under the Plan. Administrative Expense Claims have not been classified and are excluded from the following classes in accordance with Bankruptcy Code section 1123(a)(1). A Claim or Interest shall be deemed classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any portion or remainder of such Claim or Interest qualifies within the description of such different Class.

Class 1 – Secured Claims of Old Line Bank against Shri Nathji, LLP. Class 1 consists of the allowed Secured Claim of Old Line Bank in the amount of \$1,461,055.95 as of the Petition Date plus accruing postpetition, interest, fees and costs. At Closing, if Old Line Bank is the Purchaser of the Sale Assets, Old Line Bank shall receive a credit of on account of Old Line Bank's allowed Secured Claim against Shri Nathji in the amount of \$1,000,000, or such other amount that it credit bids at the Auction for the assets of Shri Nathji, LLP, exclusive of the payment of the outstanding amount of allowed Administrative Claims, Priority Non-Tax Claims, and Priority Tax Claims, as reasonably estimated by Old Line Bank in consultation with the Debtors, taking into account the Debtors' cash on hand at Closing. Old Line Bank shall be entitled to participate in the Auction and to credit bid up to the full extent of its allowed Secured Claim in the amount of \$1,461,055.95 as of the Petition Date, plus accruing interest, costs and fees for the assets of Shri Nathji, LLC. In the event that Old Line Bank is not the Purchaser of the Sale Assets, Old Line Bank shall receive at Closing the amount paid by such other Purchaser and Successful Bidder for the purchase of the assets of Shri Nathji, LLP in Cash. In the event that Old Line Bank is not the Purchaser, Old Line Bank shall release its Secured Claim upon receipt of the amount paid by such other Purchaser for the purchase of the assets of Shri Nathji, LLP in Cash, exclusive of the payment of the outstanding amount of allowed Administrative Claims, Priority Non-Tax Claims, and Priority Tax Claims, as reasonably estimated by Old Line Bank in consultation with the Debtors, taking into account the Debtors' cash on hand at Closing. It is

anticipated that Old Line Bank will not be paid in full upon its allowed Class 1 claim. Any resulting deficiency claim due to Old Line Bank shall then be treated in accordance with Class 3 – Unsecured Claims against Shri Nathji, LLP under the Plan.

Class 1 is an impaired Class and is entitled to vote on the Plan.

Class 2 – Other Secured Claims against Shri Nathji, LLP. Class 2 consists of the allowed Secured Claims of Howard County, Maryland for real estate taxes in the amount of \$6,476.29 and for water and sewer charges in the amount of \$6,752.59, with both Claims accruing interest. At Closing (i) allowed Class 2 Claims will be unaltered, and (ii) the Holder of each allowed Class 2 Claim shall receive in full satisfaction, settlement, and release of, and in exchange for, the Holder's allowed Secured Claim, (a) cash in the amount of the allowed Secured Claim on the Closing, (b) the property of the Estate that constitutes collateral for such allowed Secured Claim on the Closing, or (c) such other, less favorable treatment as is agreed upon by the Old Line Bank and the Holder of such allowed Class 2 Claim. Apart from the foregoing and the Secured Claim of Old Line Bank, no other Secured Claim, has been asserted in the bankruptcy schedules or by the filing of a proof of Claim against Shri Nathji, LLP.

Class 2 is an unimpaired Class and conclusively deemed to have voted to accept the Plan pursuant to section 1126(f) of the Bankruptcy Code.

Class 3 – Unsecured Claims against Shri Nathji, LLP. Class 3 consists of the allowed Unsecured Claim of the Internal Revenue Service for \$700 and any resulting deficiency on the Class 1 Secured Claim of Old Line Bank. On the Effective Date, the Holders of allowed Unsecured Claims in Class 3, unless the Auction for the assets of Shri Nathji, LLP results in a payment in excess of the allowed Class 1 allowed Secured Claim of Old Line Bank, shall receive no property or distribution under the Plan on account of such Claims. In the event that the Auction for the assets of Shri Nathji, LLP results in a payment in excess of the allowed Class 1 Secured Claim of Old Line Bank, then creditors with allowed Class 3 Unsecured Claims, shall receive a pro rata distribution on account of their allowed Class 3 Unsecured Claims from any remaining sales proceeds after the payment of Claims with higher priority. Apart from the foregoing, no other Unsecured Claims have been asserted against Shri Nathji, LLP in the bankruptcy schedules or by the filing of a proof of claim.

Class 3 is an impaired Class and is entitled to vote on the Plan.

Class 4 – Interests in Shri Nathji, LLP. On the Effective Date, Interests in the Debtor shall be cancelled and the Holder(s) of such Interests shall receive no property or distribution under the Plan on account of such Interests.

Class 4 is an impaired Class and conclusively deemed to have voted to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code.

Class 5 – Unsecured Claims against Shri Gurukrupa, LLC. Class 5 consists of the allowed Unsecured Claim of Old Line Bank in the amount of \$1,467,023.74, the allowed

Unsecured Claim of the Internal Revenue Service in the amount of \$4,182.37, the allowed Unsecured Claim of Choice Hotels in the amount of \$2,500, the allowed Unsecured Claim of Howard County, Maryland in the amount of \$2,225 for unpaid licensing fees, the allowed Unsecured Claim of Howard County, Maryland in the amount of \$57,963.14 for unpaid occupancy tax and the allowed Unsecured Claim of Howard County, Maryland in the amount of \$7,400 for unpaid sewer charges. On the Effective Date, the Holders of allowed Unsecured Claims in Class 5 shall receive no property or distribution under the Plan on account of such Claims unless proceeds from the Auction for the assets of Shri Gurukrupa, LLC exceed the amounts to pay Administrative Claims, Priority Non-Tax Claims, and Priority Tax Claims, as reasonably estimated by Old Line Bank in consultation with the Debtors, taking into account the Debtors' cash on hand at Closing. In the event that the Auction for the assets of Shri Gurukrupa, LLC results in a payment in excess of the amounts to pay Administrative Claims, Priority Non-Tax Claims, and Priority Tax Claims, as reasonably estimated by Old Line Bank in consultation with the Debtors, taking into account the Debtors' cash on hand at Closing, then creditors with allowed Class 5 Unsecured Claims, shall receive a pro rata distribution on account of their allowed Class 5 Unsecured Claims from any remaining sales proceeds after the payment of Claims with higher priority.

Class 5 is an impaired Class and is entitled to vote on the Plan.

Class 6 – Interests in Shri Gurukrupa, LLC. On the Effective Date, Interests in Shri Gurukrupa, LLC shall be cancelled and the Holder(s) of such Interests shall receive no property or distribution under the Plan on account of such Interests.

Class 6 is an impaired Class and conclusively deemed to have voted to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code.

Full Satisfaction and Release. The payments, distributions and other treatment afforded to Holders of allowed Claims and Interests under the Plan shall be in full and complete satisfaction, discharge and release of such allowed Claims or Interests against the Debtors.

Designation and Treatment of Unclassified Claims

Administrative Claims

Except as set forth in the Plan and as described below, each holder of an Allowed Administrative Claim on the Effective Date against either Debtor, or as soon thereafter as is reasonably practicable, shall receive, in full and final satisfaction of such Holder's allowed Claim, cash in an amount equal to the unpaid portion of such allowed Claim, or some other, less favorable treatment as is agreed upon by Old Line Bank and the Holder of such allowed Administrative Claim. Upon information and belief, the attorneys' fees of Debtors' bankruptcy counsel and accountant fees of Debtors' accountant are the only Administrative Claim of the Debtors. Old Line Bank estimates that Debtors' bankruptcy counsel has an Administrative Claim of approximately \$20,000 for legal fees and expenses and that the Debtors' accountant has an Administrative Claim of approximately \$5,000 for representing the Debtors in these Cases. Administrative Claims remain subject to approval by the Bankruptcy Court as a condition of payment.

Statutory Fees and Continuing Duties to the Office of the U.S. Trustee

All fees payable pursuant to 28 U.S.C. § 1930, shall be paid by the Debtors in full, through the Effective Date, in an amount equal to the amount of the Allowed Administrative Expense Claim.

Rejection of Executory Contracts and Unexpired Leases

On the Effective Date, except for an Executory Contract that was previously assumed, assumed and assigned or rejected by an order of the Bankruptcy Court, or except as otherwise specifically provided for herein, each Executory Contract of every kind and nature entered into by the Debtors prior to the Petition Date that has not previously expired or terminated pursuant to its own terms prior to the Effective Date will be rejected pursuant to section 365 of the Bankruptcy Code. The Confirmation Order will constitute an order of the Bankruptcy Court approving the rejection of the Executory Contracts as provided for by Section 7.1 of the Plan, pursuant to section 365 of the Bankruptcy Code, as of the Effective Date.

Compensation of Professionals

The reasonable fees and expenses incurred on or after the Petition Date, through and including the Effective Date, by professionals employed by the Debtors shall be paid in accordance with Article IV of the Plan. Professionals shall be paid on the later of: (a) the Effective Date; (b) the date on which an order of the Bankruptcy Court allowing such Administrative Expense becomes a Final Order; or (c) the date, or dates, on which the Old Line Bank and Debtor's professionals may agree.

ACCEPTANCE AND CONFIRMATION OF PLAN

Except as discussed below, a prerequisite to the Confirmation of the Plan is the acceptance of the Plan by each Impaired Class. A Class is Impaired unless, with respect to each Claim or Interest in such Class, the Plan: (1) leaves unaltered the legal, equitable, and contractual rights to which such Claim or Interest entitles the holder of such Claim or Interest; or (2) notwithstanding any contractual provision or applicable law that entitles the holder of such Claim or Interest to demand or receive accelerated payment of such Claim or Interest after the occurrence of a default, (a) cures any such default that occurred before or after the commencement of the Chapter 11 Case (other than "ipso facto" defaults as specified in Section 365(b)(2) of the Bankruptcy Code); (b) reinstates the maturity of such Claim or Interest as such maturity existed before such default; (c) compensates the holder of such Claim or Interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; and (d) does not otherwise alter the legal, equitable, or contractual rights to which such Claim or Interest entitles the holder of such Claim or Interest.

In order to carry a designated Class for purposes of confirmation of the Plan, the affirmative vote of holders of Claims in each such Class that hold at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims in that Class who actually vote on the Plan, other than a holder who has been designated by the Court as in bad faith having accepted or rejected the Plan, or whose acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of Chapter 11 of the Bankruptcy Code is required. If the

requisite acceptances from holders of Allowed Claims in each Class of Claims are obtained, and the Plan is confirmed, the Plan will be binding on all holders of Claims and Interests, including those who did not vote or who voted to reject the Plan (or those who are deemed to reject the Plan).

Old Line Bank reserves the right to seek to confirm the Plan pursuant to the cramdown provisions of Section 1129(b) of the Bankruptcy Code. As a condition to confirmation, the Bankruptcy Code generally requires that each Impaired Class of Claims or Interest accepts a plan of reorganization. In the event that an Impaired Class does not accept the Plan, the Bankruptcy Court may nonetheless confirm the Plan if (i) the Plan satisfies all other requirements of Section 1129(a) of the Bankruptcy Code, and (ii) the Plan does not “discriminate unfairly” and is “fair and equitable” with respect to each Impaired Class that has not accepted the Plan.

A plan of reorganization does not discriminate unfairly if (a) the legal rights of a non-accepting Class are treated in a manner that is consistent with the treatment of other Classes whose legal rights are identical with those of the non-accepting Class, and (b) no Class receives payments in excess of that which it is legally entitled to receive for its Claims or Interests. Old Line Bank believes that the Plan satisfies these requirements with respect to each Class.

The Bankruptcy Code establishes different tests for Secured Creditors, Unsecured Creditors and Interest Holders to determine if the Plan is “fair and equitable.” The tests may be summarized as follows:

(a) Secured Creditors: either (i) each impaired secured Creditor retains its liens securing its secured Claim and receives on account of its secured Claim deferred cash payments having a present value as of the Effective Date equal to the amount of its Allowed Secured Claim, (ii) each Impaired secured Creditor realizes the “indubitable equivalent” of its Allowed secured Claim, or (iii) the property securing the Claim is sold free and clear of liens with such liens to attach to the proceeds, and the liens against such proceeds are treated in accordance with clause (i) or (ii), above.

(b) Unsecured Creditors: either (i) each Impaired unsecured Creditor receives or retains under the Plan property of a value equal to the amount of its Allowed unsecured Claim, or (ii) the holders of Claims and Equity Interests that are junior to the Claims of the non-accepting Class do not receive any property under the Plan on account of such Claims and Interests.

(c) Equity Interest Holders: either (i) each Interest holder will receive or retain under the Plan property of a value equal to the greater of (a) the fixed liquidation preference or redemption price, if any of its Interest or (b) the value of its Interest, or (ii) the holders of Interests that are junior to the non-accepting Class will not receive any property under the Plan.

Old Line Bank believes that the Plan is “fair and equitable” to Interest Holders, Unsecured Creditors, and Secured Creditors.

Old Line Bank reserves all rights to modify or withdraw the Plan at any time prior to the Effective Date.

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The alternatives to the confirmation and consummation of the Plan include (1) the preparation and presentation of an alternative plan of reorganization and (2) the liquidation of the Debtors under Chapter 7 of the Bankruptcy Code. Old Line Bank believes that neither alternative provides a greater return to Unsecured Creditors.

Alternative Plans of Reorganization

Old Line Bank does not believe that an alternative plan would be viable or in the best interest of Creditors or parties in interest. The Plan liquidates all assets of the Debtors and provides for the payment of Claimants from the proceeds in accordance with the priority scheme established by the Bankruptcy Code. Based upon the operating results of the Debtors there is a demonstrated lack of any ability to meaningfully service debt obligations in any commercially reasonable manner or to propose a plan of reorganization reasonably capable of being confirmed by the Bankruptcy Court. Accordingly, Old Line Bank does not believe that rejection of the Plan in favor of a theoretical alternative would result in a greater distribution to any class of Creditors or Equity Interest Holders. Rejection of the Plan likely would lead to litigation, delay and increased expense. Old Line Bank firmly believes that the Plan is the best option for maximizing returns to Creditors.

Liquidation Under Chapter 7 of the Bankruptcy Code

If no plan can be confirmed, it is the Old Line Bank's firm belief that liquidation under Chapter 7 would also result in lesser distribution than proposed by the Plan.

In Chapter 7, any unencumbered assets of the Debtors would be sold to a cash-bidder. However, all assets of Shri Nathji, LLP are encumbered by a first priority blanket lien in favor of Old Line Bank in excess of \$1.4 million dollars. The assets of Shri Gurukrupa, consisting of personal property used in the operation of its business, have not been pledged as collateral and are valued at \$17,600.00 by Shri Gurukrupa, LLC, according to its schedules.

In Chapter 7, Old Line Bank would seek to lift the automatic stay and foreclose on its collateral, from which no proceeds would be available to any Allowed Priority Tax Claims or Administrative Claims. A Chapter 7 Trustee would report the Cases as "no asset" Cases and no administration of the cases from which to pay these claims would occur. Even assuming that a Chapter 7 Trustee might administer the Cases, Administrative Claims would be increased as a result of the Chapter 7 Trustee fees and related Administrative Expense Claims, resulting in a lesser distribution than proposed under the Plan. Therefore, the Plan proposed by Old Line Bank would result in a greater distribution to Creditors than in liquidation.

IMPLEMENTATION OF PLAN

Feasibility. The Plan is strictly a liquidating Plan and is therefore feasible.

Auction of Sale Assets. Within forty-five (45) days of the entry of the Confirmation Order, an Auction for the Sale Assets of the Debtors will be conducted for the Real Property and personal property of the Debtors. The Auction will be conducted on the premises of 5895 Bonnie View Lane, Elkridge, Maryland 21075. The Auctioneer will be William D. Hudson of Atlantic Auctions, Inc. The date and time of the Auction shall, at minimum, be advertised on the website of the Auctioneer and in a newspaper of general circulation in Howard County, Maryland one day per week for three consecutive weeks in advance of the Auction. The Minimum Bid to acquire all of the Sale Assets at the Auction, shall be comprised of:

- (i) an offer in Cash for the Sale Assets that is not less than the sum of (A) \$1,000,000 for the assets of Shri Nathji, LLP and \$10,000 for the assets of Shri Gurukrupa, LLC, provided, however, that Old Line Bank may credit bid up to the full extent of its Secured Claim of \$1,461,055.95 as of the Petition Date plus accruing postpetition, interest, fees and costs toward the purchase of the assets of Shri Nathji, LLP; and
- (ii) the posting of a deposit of \$50,000 in cash, certified check or money order, provided, however, that Old Line Bank shall not be required to post any deposit; and
- (iii) the payment in Cash of the Auctioneer's commission and the costs of marketing/advertising for the Auction; and
- (iv) the payment in Cash of the outstanding amount of allowed Secured Claims of the Debtors other than the allowed Secured Claim of Old Line Bank; and
- (v) the payment in Cash of the outstanding amount of Debtors' Administrative Claims, Priority Non-Tax Claims, and Priority Tax Claims, as reasonably estimated by Old Line Bank in consultation with the Debtors, taking into account the Debtors' cash on hand as Closing; and
- (vi) the payment of the balance of the purchase price within thirty (30) days of the Auction at Closing; and
- (vii) such other terms and conditions of sale not inconsistent with the foregoing as set forth in the advertisement for the Auction.

Sale of the Sale Assets to the Successful Bidder. At Closing, the Sale Assets shall be transferred to the Purchaser pursuant to the Successful Bid free and clear of all (i) Liens, mortgages, security interests, conditional sale or other title retention agreements, pledges, liens, claims, judgments, demands, easements, charges, encumbrances, defects, options, rights of first refusal, and restrictions of all kinds and (ii) all debts arising under or out of, in connection with,

or in any way relating to, any acts of the Debtors, claims, rights, including rights of setoff or recoupment, defenses, causes of action (whether at law or in equity), obligations, demands, guaranties, interests and matters of any kind or nature whatsoever that arise prior to Closing. Class 1 Claims and Class 2 Claims will be paid at Closing in accordance with the treatment provided for in the Plan. The Auctioneer's commission and the costs of marketing/advertising of the Auction will also be paid at Closing.

Disbursement of Funds. To the extent not made at Closing, Old Line or other Purchaser shall make all distributions of cash or other property required under the Plan, unless the Plan specifically provides otherwise.

Undeliverable Distributions.

(a) If the distribution to the Holder of any allowed Claim is returned as undeliverable, no further distribution shall be made to such Holder, and Old Line Bank or other Purchaser shall have no obligation to make any further distribution to the Holder, unless and until Old Line Bank is notified in writing of such Holder's then current address. Subject to Section 6.4(b) of the Plan, Old Line Bank shall retain undeliverable Distributions until such time as a Distribution becomes deliverable.

(b) Any Holder of an allowed Claim that does not assert a Claim for an undeliverable distribution within one (1) year after the Distribution Date on account of such Claim shall no longer have any claim to or interest in such undeliverable distribution and shall be forever barred from receiving any distribution under the Plan and such amount shall be distributed in accordance with the terms of the Plan.

Disputed Claims.

(a) No payment or other Distribution or treatment shall be made on account of a Claim that is subject to an objection, even if a portion of the Claim is not disputed, unless and until such Claim is allowed and the amount of such allowed Claim is determined by a final order of the Bankruptcy Court or, after the Effective Date, by written agreement between Old Line Bank or other Purchaser and the Holder of the Claim. No Distribution or other payment or treatment shall be made on account of a Claim that has been disallowed at any time.

(b) Old Line Bank or other Purchaser may, at any time, and from time to time, request that the Bankruptcy Court estimate any Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether an objection was previously filed with the Bankruptcy Court with respect to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to such objection. Any order of the Bankruptcy Court that estimates a Claim pursuant to this Section 6.5(b) irrevocably shall constitute and be a conclusive and final determination of the maximum allowable amount of the Claim.

(c) Unless otherwise provided in the Plan, Old Line Bank and any other party in interest will retain the right to object to Claims after the Confirmation Date in order to have the Bankruptcy Court determine the amount and treatment of any Claim.

Direction to Parties. From and after the Closing, Old Line Bank or other Purchaser may apply to the Bankruptcy Court for an order directing any necessary party to execute or deliver, or to join in the execution or delivery, of any instrument required to effect a transfer of property required under the Plan, and to perform any other act, including the satisfaction of any Lien, that is necessary for the consummation of the Plan, pursuant to section 1142(b) of the Bankruptcy Code, provided that such direction is in accordance with the Plan.

Retention of Jurisdiction. The United States Bankruptcy Court shall retain exclusive jurisdiction after Confirmation of the Plan of all matters arising from or related to the Plan, for as long as necessary for the purpose of §§105(a), 1127, 1142(b) and 1144 of the Bankruptcy Code and for, inter alia, the following purposes:

(a) To determine all questions and disputes regarding title to the Assets of the Debtors, all Causes of Action, controversies, disputes or conflicts, whether or not subject to any pending action as of the Effective Date, between the Debtors and any other party, including without limitation any right to recover Assets pursuant to the provisions of the Bankruptcy Code;

(b) To modify the Plan after the Effective Date pursuant to the Bankruptcy Code, the Bankruptcy Rules, and applicable law;

(c) To enforce and interpret the terms and conditions of the Plan;

(d) To correct any defect, cure any omission or reconcile any inconsistency in the Plan or the Confirmation Order as may be necessary to implement the purposes and intent of the Plan;

(e) To determine any and all objections to the allowance or classification of Claims;

(f) To determine any applications or motions pending on the Effective Date for the rejection, assumption or assumption and assignment of any Executory Contract and to hear and determine, and, if need be, to liquidate any and all Claims arising therefrom;

(g) To determine any and all motions, applications, adversary proceedings and contested matters that may be pending on the Effective Date or filed thereafter;

(h) To remedy any defect or omission or reconcile any inconsistency in any order of the Bankruptcy Court to the extent authorized by the Plan or the Bankruptcy Court;

- (i) To determine all controversies, suits, and disputes that may arise in connection with the interpretation, enforcement or consummation of the Plan;
- (j) To issue such orders in aid of execution of the Plan as may be authorized by section 1142 of the Bankruptcy Code;
- (k) To determine such other matters or proceedings as may be provided for under Title 28 or any other title of the United States Code, the Bankruptcy Code, the Bankruptcy Rules, other applicable law, the Plan or in any order or orders of the Bankruptcy Court, including, but not limited to, the Confirmation Order or any order which may arise in connection with the Plan or the Confirmation Order;
- (l) To make such orders as are necessary or appropriate to carry out the provisions of the Plan;
- (m) To adjudicate all claims of any nature by any person which may be adverse or otherwise affect the value of the property of the Estates dealt with by the Plan;
- (n) To determine any other matters not inconsistent with the Bankruptcy Code; and
- (o) To make such orders and/or take such action as is necessary to enjoin any interference with the implementation or the consummation of the Plan.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion summarizes certain Federal income tax consequences to the Debtors and Debtors' holders of Claims and Equity Interests. This summary is based upon the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury Regulations promulgated thereunder, judicial decisions and published administrative rulings and pronouncements of the IRS, as in effect on the date hereof. Legislative, judicial or administrative changes or interpretations enacted or promulgated hereafter could alter or modify the analysis and conclusions set forth below. Any such changes or interpretations may be retroactive and could affect significantly the Federal income tax consequences discussed below. This summary does not address foreign, state or local tax law, or any estate or gift tax consequences of the Plan, nor does it purport to address the Federal income tax consequences of the Plan to special categories of taxpayers who are holders of Claims (such as taxpayers who are not domestic corporations or citizens or residents of the United States, or are S corporations, banks, mutual funds, insurance companies, financial institutions, regulated investment companies, broker-dealers and tax-exempt organizations) and assumes that each Creditor holds its Claim directly.

The Federal income tax consequences of the Plan are complex and are subject to significant uncertainties. Old Line Bank has not requested and will not request a ruling from the IRS with respect to any of the tax aspects of the Plan.

THE TAX CONSEQUENCES TO HOLDERS OF CLAIMS AND EQUITY INTERESTS MAY VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER. MOREOVER, THE TAX CONSEQUENCES OF CERTAIN ASPECTS OF THE PLAN ARE UNCERTAIN DUE TO THE LACK OF APPLICABLE LEGAL PRECEDENT AND THE POSSIBILITY OF CHANGES IN THE APPLICABLE TAX LAW. THERE CAN BE NO ASSURANCE THAT THE IRS WILL NOT CHALLENGE ANY OF THE TAX CONSEQUENCES DESCRIBED HEREIN, OR THAT SUCH A CHALLENGE, IF ASSERTED, WOULD NOT BE SUSTAINED. ACCORDINGLY, EACH HOLDER OF A CLAIM OR EQUITY INTEREST IS STRONGLY URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE FOREIGN, FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF THE PLAN.

Certain Federal Income Tax Consequences to Debtors. Upon information and belief, the Debtors are pass-through entities for Federal income tax purposes. Thus, Debtors are not subject to taxes imposed under chapter 1 of the Tax Code. Accordingly, any net operating income or losses generated by Debtors during a taxable year (“NOLs”) will pass through to the Equity Interest Holders.

Upon a sale of the Debtors’ property any recognized gain or loss equal to the difference between the pre-distribution sale proceeds and Debtors’ adjusted tax basis in the property that may be subject to capital gains tax will pass through to Equity Interest Holders. The amount of gain recognized will include the full proceeds from any sale of property, including the amount of any indebtedness assumed by the buyer to which the property is subject.

If the sale of the property results in a gain and such property was used in Debtors’ trade or business, such gain would generally be treated as a “section 1231 gain.” Such gain would be combined with other Tax Code § 1231 gains and losses. Generally, Tax Code § 1231 gains and losses are offset against each other on an annual basis, and net gain is treated as long-term capital gain, while net loss is treated as ordinary loss. Net § 1231 gains must, however, be treated as ordinary income to the extent of net § 1231 losses taken over the five most recent years, to the extent such losses have not been previously “recaptured.”

Certain Federal Income Tax Consequences to Creditors. The Federal income tax consequences of the Plan to a Creditor will depend upon several factors, including but not limited to: (i) whether the Creditor’s Claim (or portion thereof) constitutes a Claim for principal or interest; (ii) whether the Creditor is a resident of the United States for tax purposes (or falls into any of the special classes of taxpayers excluded from this discussion as noted above); and (iii) whether the Creditor has taken a bad debt deduction with respect to its Claim. In addition, if a Claim is a “security” for tax purposes, different rules may apply. **CREDITORS ARE STRONGLY ADVISED TO CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO THE TAX TREATMENT UNDER THE PLAN OF THEIR PARTICULAR CLAIMS.**

A Creditor receiving solely cash in exchange for its Claim will generally recognize taxable gain or loss in an amount equal to the difference between the amount realized and its adjusted tax basis in the Allowed Claim. The amount realized will equal the amount of cash to the extent that

such consideration is not allocable to any portion of the allowed Claim representing accrued and unpaid interest, as further discussed below.

The character of any recognized gain or loss (i.e., ordinary income, or short-term or long-term capital gain or loss) will depend upon the status of the Creditor, the nature of the allowed Claim in the Creditor's hands, the purpose and circumstances of its acquisition, the Creditor's holding period of the allowed Claim, and the extent to which the Creditor previously claimed a deduction for the worthlessness of all or a portion of the allowed Claim.

A loss generally is treated as sustained in the taxable year for which there has been a closed and completed transaction, and no portion of a loss with respect to which there is a reasonable prospect of reimbursement may be deducted until it can be ascertained with reasonable certainty whether or not such reimbursement will be recovered.

A portion of the consideration received by a Creditor in satisfaction of an allowed Claim may be allocated to the portion of such Claim (if any) that represents accrued but unpaid interest. If any portion of the distribution were required to be allocated to accrued interest, such portion would be taxable to the Creditor as interest income, except to the extent the Creditor has previously reported such interest as income.

In the event that a Creditor has not previously reported the interest income, only the balance of the distribution after the allocation of proceeds to accrued interest would be considered received by the Creditor in respect of the principal amount of the Allowed Claim. Such an allocation would reduce the amount of the gain, or increase the amount of loss, realized by the Creditor with respect to the Allowed Claim. If such loss were a capital loss, it would not offset any amount of the distribution that was treated as ordinary interest income (except, in the case of individuals, to the limited extent that capital losses may be deducted against ordinary income).

Federal Income Tax Consequences to Holders of Equity Interests Receiving No Distributions. Holders of Allowed Equity Interests receiving no distributions will generally recognize loss in the amount of each such holder's adjusted tax basis in the Equity Interest. The character of any recognized loss (i.e., ordinary income, or short-term or long-term capital gain or loss) will depend upon the status of the holder, the nature of the Equity Interest in the holder's hands, the purpose and circumstances of its acquisition, the holder's holding period, and the extent to which the holder had previously claimed a deduction for the worthlessness of all or a portion of the Equity Interest.

A loss generally is treated as sustained in the taxable year for which there has been a closed and completed transaction, and no portion of loss with respect to which there is a reasonable prospect of reimbursement may be deducted until it can be ascertained with reasonable certainty whether or not such reimbursement will be recovered.

Importance of Obtaining Professional Tax Assistance. No holder of a Claim or Equity Interest should rely on the tax discussion in this Disclosure Statement in lieu of consulting with one's own tax professional. The foregoing is intended to be a summary only and not a substitute for consultation with a tax professional. The Federal, state, local and foreign tax

consequences of the Plan are complex and, in some respects, uncertain. Such consequences may also vary based upon the individual circumstances of each holder of a Claim or Equity Interest. Accordingly, each holder of a Claim or Equity Interest is strongly urged to consult with its own tax advisor regarding the Federal, estate, local and foreign tax consequences of the Plan.

INJUNCTION AND RELATED MATTERS

No Interference. No Person shall be permitted to commence or continue any action or proceeding or perform any act to interfere with the implementation and consummation of the Plan or the payments required to be made hereunder.

Injunction. THE OCCURRENCE OF THE EFFECTIVE DATE SHALL SERVE TO SATISFY ALL CLAIMS OR CAUSES OF ACTION ARISING OUT OF ANY CLAIM ADDRESSED BY THE TERMS OF THE PLAN AND WILL OPERATE AS AN INJUNCTION AGAINST (I) THE COMMENCEMENT OR CONTINUATION OF AN ACTION, THE EMPLOYMENT OF PROCESS, OR AN ACT, TO COLLECT OR RECOVER FROM, OR OFFSET AGAINST, THE ASSETS EXCEPT AS PROVIDED IN THIS PLAN AND (II) THE COMMENCEMENT OR CONTINUATION OF AN ACTION, THE EMPLOYMENT OF PROCESS, OR AN ACT, TO COLLECT OR RECOVER FROM, OR OFFSET AGAINST, PROPERTY OF ANY RELEASED PARTY ON ACCOUNT OF ANY CLAIMS, RIGHTS OR CAUSES OF ACTION THAT ARE RELATED TO CLAIMS OR INTERESTS ADDRESSED UNDER THE TERMS OF THE PLAN.

Releases. As of the Effective Date and in consideration of the obligations undertaken by Old Line Bank hereunder, the Debtors, their successors and assigns, and any other person that claims or might claim through, on behalf of, or for the benefit of the foregoing, shall be deemed to have waived and released Old Line Bank and its affiliates, officers and agents from any and all Causes of Action of the Debtors (including claims that the Debtors otherwise have a legal power to assert, compromise or settle in connection with this Case) that arose on or before the Effective Date.

Term of Stay. Unless otherwise provided in accordance with the Plan or an applicable order of the Bankruptcy Court, all injunctions or stays provided for in the Case pursuant to sections 105 or 362 of the Bankruptcy Code shall remain in full force and effect until the later of the (i) entry of a final decree or (ii) the dismissal of the Case.

Insurance Preservation. Nothing in the Plan, including any releases, shall diminish or impair the Debtors' or Old Line Bank's ability to enforce any Insurance Policies or other policies of insurance (a) that may cover Insurance Claims or other Claims against the Debtors or any other Person, or (b) that are being transferred pursuant to the Plan. All such Insurance Policies or other policies of insurance shall remain in full force and effect.

MISCELLANEOUS PROVISIONS

Revocation and Withdrawal of the Plan. Old Line Bank reserves the right to revoke or withdraw the Plan at any time before entry of a Confirmation Order. If Old Line Bank revokes or withdraws the Plan prior to the Confirmation Date, or if Confirmation or the Effective Date does not occur, then the Plan shall be deemed to be null and void. In such event, nothing contained in the Plan or in any document relating to the Plan shall be deemed to constitute an admission of validity, waiver or release of any Claims by or against the Debtors or any Person.

Successors and Assigns. The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the heir, executor, administrator, successor or assign of such Person.

Construction. The rules of construction set forth in section 102 of the Bankruptcy Code shall apply to the construction of the Plan.

Post-Confirmation Effect of Evidences of Claims or Interests. From and after the Effective Date, all promissory notes evidencing obligations of the Debtors and other evidences of Claims that arose prior to the Effective Date shall be deemed canceled, null, void, and of no force or effect whatsoever, and shall constitute no more than evidence of the Holder's right to treatment of the Claim so evidenced in accordance with the Plan.

Section 1146 Exemption. Pursuant to section 1146 of the Bankruptcy Code, the issuance, transfer or exchange of any security under the Plan or the making or delivery of any instrument of transfer pursuant to, in implementation of, or as contemplated by the Plan, or the transfer or sale of any real or personal property of the Debtors pursuant to, in implementation of, or as contemplated by the Plan shall not be taxed under any state or local law imposing a stamp tax, transfer tax or similar tax or fee.

Severability of Plan Provisions. If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision then will be applicable as altered or interpreted; provided, however, that any such alteration or interpretation must be in form and substance acceptable to Old Line Bank. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

CONCLUSION

Old Line Bank respectfully urges all Creditors to vote for the Plan. Old Line Bank believes that the Plan represents the best opportunity for Creditors to realize the maximum possible distribution on account of their Claims against the Debtors.

Dated: January 13, 2016

Respectfully submitted,

OLD LINE BANK

/s/ Sammy K. Pulliam, Jr.

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I HEREBY CERTIFY that the terms of the copy of the Plan submitted to the Court are identical to those set forth in the original Plan; and the signatures represented by /s/ _____ on this copy reference the signatures of consenting parties on the original Plan.

/s/ Craig M. Palik

Craig M. Palik, Esq.

Exhibits to Disclosure Statement

Exhibit "A" Old Line Bank's Joint Plan of Liquidation