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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

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In re:

Chapter 11
Case No.: 1-16-41274-CEC

LENNY SHTAB AND ALLA SHILMAN,

Debtors.

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FIRST AMENDED DISCLOSURE STATEMENT

This Disclosure Statement is filed pursuant to Section 1125 of Title 11, United States Code, on behalf of Lenny Shtab and Alla Shilman (the "Debtors"), the debtors and debtors-in-possession.

THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL, BUT HAS NOT BEEN APPROVED

A. INTRODUCTION/NOTICE OF HEARING AND SOURCE OF INFORMATION

Pursuant to Section 1125 of Title 11 of the United States Code (the "Bankruptcy Code"), the Debtors in this Chapter 11 case, provide this First Amended Disclosure Statement (the "Disclosure Statement") to all of their known creditors and other parties in interest in order to provide information deemed by the Debtors to be material and necessary to enable such creditors and parties in interest to make a reasonable informed decision in the exercise of their rights to vote on and participate in the Debtors' Plan of Reorganization (the "Plan"). The Plan is annexed hereto as **Exhibit "A"**.

Terms utilized in this Disclosure Statement, if not defined herein, shall have the same meaning as such terms are used or defined in the Plan unless the context hereof requires a different meaning.

The information contained in this Disclosure Statement is based on the representations made by the Debtors in their Petition and Schedules, monthly operating reports and all other documents and information provided by the Debtors. While the information and documentation submitted herewith is believed to be accurate, it has not been subjected to a certified audit or independent review. Therefore, no representation or warranty is made as to its accuracy or completeness. The Debtors have reasonably endeavored to obtain and supply all material information on an accurate basis. The Bankruptcy Court has conducted a hearing on the adequacy of the Disclosure Statement.

THE BANKRUPTCY COURT HAS SET _____ AS THE DATE AND TIME OF THE HEARING ON CONFIRMATION OF THE PLAN AND OBJECTIONS THERETO, WHICH HEARING WILL BE HELD IN THE UNITED STATES BANKRUPTCY COURT, EASTERN DISTRICT OF NEW YORK, 271 CADMAN PLAZA EAST, BROOKLYN, NEW YORK 11201-1800. CREDITORS OF, AND HOLDERS OF INTERESTS IN THE DEBTOR'S MAY ATTEND SUCH HEARING. THE BANKRUPTCY COURT HAS SET _____ AS THE DATE BY WHICH ALL WRITTEN OBJECTIONS TO THE PLAN SHALL BE FILED WITH THE BANKRUPTCY COURT AND SERVED UPON THE DEBTORS' ATTORNEYS, AND UPON THE UNITED STATES TRUSTEE.

IN ORDER TO BE CONFIRMED, THE PLAN MUST BE ACCEPTED BY A MAJORITY IN NUMBER AND TWO-THIRDS IN AMOUNT OF THOSE VOTING IN EACH CLASS IMPAIRED UNDER THE PLAN.

YOU ARE URGED TO REVIEW THE PLAN AND THIS DISCLOSURE STATEMENT WITH COUNSEL OF YOUR CHOICE.

THE DEBTORS BELIEVE THAT THE TREATMENT OF CREDITORS UNDER THE PLAN CONTEMPLATES A GREATER RECOVERY FOR SUCH CREDITORS THAN WOULD BE AVAILABLE UNDER ANY ALTERNATIVE PLAN OR IN A CHAPTER 7 LIQUIDATION. IN THIS REGARD, THE FOLLOWING IMPORTANT BENEFITS ARE NOTED:

THE PLAN OFFERS THE SECURED CREDITORS CONTINUED PAYMENTS IN ACCORDANCE WITH THE ORIGINAL TERMS OF THE MORTGAGE NOTE.

THE PLAN OFFERS THE GENERAL UNSECURED CREDITORS IN THE CASE A PRO RATED PAYMENT OF 17% OF THE TOTAL AMOUNT OF UNSECURED CLAIMS OVER PERIOD OF 60 MONTHS. NO DISTRIBUTION WOULD LIKELY BE AVAILABLE IN A CHAPTER 7 LIQUIDATION OF THE DEBTOR OTHER THAN A BE A HIGHLY CONTINGENT DISTRIBUTION OF EQUITY REMAINING FROM THE DEBTOR'S APARTMENT WHICH WOULD REMAIN AFTER ALL EXPENSES INCURRED IN LITIGATING TO SEPARATE THE INTERESTS OF JOINT TENANTS WITH THE RIGHT OF SURVIVORSHIP AND IN THE COURSE OF A SALE OF THE PROPERTY, WERE PAID.

ACCORDINGLY, THE DEBTORS BELIEVE THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTEREST OF CREDITORS AND RECOMMENDS THAT CREDITORS ACCEPT THE PLAN.

Other than the information set forth in this Disclosure Statement, the Debtors have not authorized any person or entity to make representations concerning the Debtors, future income, the value of their assets, or the amounts to be distributed under the Plan. Any representations or inducements made to secure your acceptance of the Plan which are other than as contained in this Disclosure Statement should not be relied upon by you in determining whether to accept or reject the Plan.

B. PRE-PETITION HISTORY OF THE DEBTOR AND EVENTS LEADING UP TO

CHAPTER 11

The Debtors are individuals residing at 35 Brighton 2nd Pl #1A, Brooklyn, NY 11235.

The Action stems from the failure of a retail clothing business of Mr. Shtab and Mrs. Shilman as well as a high amount of medical expenses for their minor son incurred in the course of several years prior to the filing as they were seeking a diagnosis for the child. Consequently, the time expenditure involved also detracted from the amount of time that each was able to spend working in the business and working.

On March 28, 2016 Mr. Shtab and Mrs. Shilman filed for Chapter 11 Bankruptcy protection.

C. HISTORY OF THE DEBTORS' CHAPTER 11 CASE

1. Procedural Background

Debtors commenced this bankruptcy case with the filing of a voluntary petition under chapter 11 on March 28, 2016. The Debtors has continued in the possession of their property as debtors in possession, pursuant to 11 U.S.C. §§1108 and 1109. No committee of unsecured creditors has been appointed in this case.

2. Debtors' Post-Petition Operations

Since March of 2016, the Debtors have been steadily and continually employed and have remained current on all secured debts with regard to their primary residence as well as on all post petition expenses. Mr. Shtab and Mrs. Shilman expect to continue receiving the same revenue stream from their respective employment and consequently continue with their original secured loan payments according to the terms of the original mortgages. Mr. Shtab and Mrs. Shilman will also be able to make prorated payments in accordance to the terms outlined herein to all unsecured non priority creditors.

D. PLAN FUNDING

The Plan will be financed from income generated from the Debtors employment.

E. CLASSIFICATION, AMOUNT, AND NUMBER OF CLAIMS

All Claims except Administrative Claims, Priority Tax Claims and Bankruptcy Fees placed in the Classes set forth before below. In accordance with Section 1123(a)(I) of the Bankruptcy Code, Priority Tax Claims have not been classified. A claim is placed in a particular Class only to the extent that the Claim falls within the description of that Class, and is classified in other Classes to the extent that any portion of the Claim falls within the description of the other Classes. A Claim is also placed in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is Allowed in that Class and the Claim has not been paid, released or otherwise settled prior to the Effective Date.

A. Unclassified Claims

1. Administrative Claims
2. Priority Tax Claims.
3. Bankruptcy Fees.

B. Unimpaired Classes of Claims

Class I- (Secured Claims) - Shall consist of secured claim of Wells Fargo Home Mortgage in the amount of \$478,031.91 for a first mortgage for the property located at 35 Brighton 2 Place, Apt. 1A, Brooklyn, NY 11235 and secured claim of Ally Bank Lease Trust for car lease in the amount of \$11,678.32.

C. Impaired Classes of Claims

Class II -- (Unsecured Claim) - Class II consists of the claims of general unsecured creditors in the Debtors' case totaling approximately \$274,657.40.

F. REQUIREMENTS FOR CONFIRMATION OF THE PLAN

1. Confirmation and Disclosure Statement Hearing

The Bankruptcy Court approved this Disclosure Statement at the hearing held _____. A hearing on confirmation of the Plan has been set for _____. At that hearing the Court will determine whether (a) the Plan has been accepted by the requisite number of Creditors and (b) whether the other requirements for confirmation of the Plan have been satisfied. Each Creditor will receive notice of the Confirmation Hearing.

2. Requirements for Confirmation

In order to confirm the Plan, Section 1129 of the Bankruptcy Code requires the Bankruptcy Court to make a series of determinations concerning the Plan, including that:

- a. the Plan classifies Claims and Interests in a permissible manner;
- b. the Plan complies with the technical requirements of Chapter 11 of the Bankruptcy Code;
- c. the proponents of the Plan has proposed the Plan in good faith;
- d. the Plan proponent's disclosures concerning the Plan have been adequate and have included information concerning all payments and distributions to be made in connection with the Plan; and
- e. Confirmation of the Plan will not be followed by the need for liquidation or the need for further financial reorganization of the Debtor.

The Debtors believe that all of these conditions have been met or will be met by the time of the Confirmation Hearing, and the Debtors will seek a determination of the Bankruptcy Court at

the Confirmation Hearing that each of these elements has been met.

3. Acceptances Necessary for Confirmation.

The Bankruptcy Code requires that the Plan place each creditor's Claim and each Interest in a class with other Claims or Interests which are substantially similar. The Debtors believe that the classification system in the Plan meets the Bankruptcy Code's standard. Although the Bankruptcy Court must independently conclude that the Plan's classification system is legally authorized, any Creditor or Interest holder who believes that the Plan has improperly classified any group of Claims or Interests may object to Confirmation of the Plan.

The Bankruptcy Code requires that the Plan be accepted by requisite votes of Creditors and Interest Holders in impaired classes. At the Confirmation Hearing, the Bankruptcy Court must determine, among other things, whether the Plan has been accepted by each Class of Creditors and Interest holders whose Claims or Interests are impaired under the Plan. Under Section 1126 of the Bankruptcy Code, any impaired Class is deemed to accept the Plan if it is accepted by at least two-thirds in amount and more than one-half in number of the Allowed Claims or Interests of Class members who have voted on the Plan.

Further, at least one impaired Class must accept the Plan, without counting the vote of Insiders of the Debtors.

Finally, unless there is unanimous acceptance of the Plan by an impaired Class, the Court must also determine that under the Plan, Class members will receive property of value as of the Effective Date of the Plan that is not less than the amount such Class members would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code on the Effective Date.

4. Confirmation of the Plan Without Necessary Acceptances.

The Plan may be confirmed even if it is not accepted by all of the impaired classes if the Court finds that the Plan was accepted by at least one impaired Class and does not discriminate unfairly against, and is fair and equitable with respect to, all non-accepting impaired Classes. This provision is set forth in Section 1129(b) of the Bankruptcy Code and requires, among other things, that the holders of Claims or Interests which are impaired must either receive or retain the full value of their Claims or, if they receive less, no Class with a junior priority may receive anything.

5. Absolute Priority Rule.

With certain exceptions, one of the requirements for confirmation is that a Plan not provide for any payments to a junior Class unless all senior Classes are paid in full. Since General Unsecured Claims are superior to the Debtors, the Debtors may not retain their Interests, except as to property delineated by Bankruptcy Code Section 1115, unless one of three situations occur:

- (i) The Plan provides for full payment to general unsecured creditors; or
- (ii) The stockholders seeking to retain their equity interests contribute “money or money’s worth” in the form of needed capital to the Reorganized Company reasonably equivalent in value to that of the equity interest sought to be retained; or
- (iii) The class of unsecured creditors waive their rights by consenting to the Plan as proposed.

6. Persons Entitled to Vote on the Plan.

Only the votes of Classes whose Claims or Interests are impaired by the Plan will be counted in connection with confirmation. Generally, this includes any holders of Claims who will have their contractual rights to payment altered under the Plan. The following Classes of Creditors are entitled to vote on the Plan: Class II.

7. Solicitation of Acceptances.

This Disclosure Statement has been approved by the Bankruptcy Court in accordance with Section 1125 of the Bankruptcy Code and must be provided to creditors which have been scheduled by the Debtors or which have filed a proof of claim and are impaired under the Plan. This Disclosure Statement is intended to assist holders of Claims which are impaired in evaluating the Plan and in determining whether to accept or reject the Plan. Under the Bankruptcy Code, a determination that the Disclosure Statement contains “adequate information”, as required by the Bankruptcy Code, does not constitute a recommendation by the Bankruptcy Court either for or against the Plan.

8. Voting Procedures.

Only Impaired Classes of Claims are entitled to vote for or against the Plan. Ballots will be mailed to the holders of Class II. All persons or entities entitled to vote on the Plan may cast their votes for or against the Plan by completing, dating, and signing the ballot for accepting or rejecting the Plan to be sent to them together with a copy of the Disclosure Statement and Plan, and delivering same to counsel for the Debtor: LAW OFFICES OF ALLA KACHAN, P.C., 3099

CONEY ISLAND AVENUE, 3rd FLOOR, BROOKLYN, NEW YORK 11235. In order to be counted, all ballots must be received by LAW OFFICES OF ALLA KACHAN, P.C. on or before the date set forth in the Notice of Hearing on Confirmation of Plan. A copy of the proposed ballot has been annexed hereto as Exhibit "B".

H. DESCRIPTION OF THE PLAN

The following is a summary of certain provisions of the Plan. IT IS NOT A COMPLETE STATEMENT OF THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO PROVISIONS OF THE PLAN. The Plan is annexed to this Disclosure Statement as **Exhibit "A"**. The Plan, which is subject to the provisions of the Bankruptcy Code, provides for treatment of all Creditors of the Debtors. SINCE THE PLAN DEALS WITH SOPHISTICATED LEGAL CONCEPTS, AND INCORPORATES THE DEFINITIONS AND REQUIREMENTS OF THE BANKRUPTCY CODE, YOU MAY WISH TO CONSULT WITH COUNSEL OF YOUR CHOICE IN MAKING ANY DECISIONS REGARDING THE PLAN.

Summary of Classifications and Treatment of Claims and Interests Under the Plan

1. Unclassified Claims

a. Administrative Claims

Administrative claims consist of the Debtors' duly retained professionals and any other administrative expenses allowed under Section 503 of the Bankruptcy Code. Administrative Claims will include the fees and expenses of the Debtors' Counsel, Alla Kachan, Esq., in the approximate amount of \$2,000.00 (through confirmation, exclusive of the pre-petition retainer received prior to the Petition Date in the amount of \$12,000.00 from the Debtors).

Wisdom Professional Services Inc. assert a claim for the fees and expenses as accountants for the Debtors, in the approximate amount of \$3,000.00. Wisdom Professional Services Inc. has not received an initial retainer fee prior to filing.

The claims of Debtors' professionals shall be subject to final fees applications pursuant to Bankruptcy Code Section 330 and orders of the Court approving the fees and expenses as sought by this application. The Debtors estimates that the total administrative fees paid to professionals will equal \$5,000.00.

b. Priority Claims

There are no known priority tax claimants. However in the event such a claim is filed

Priority Claim will be paid in full, in cash, upon (A) the later of the effective date of this Plan as defined in Article VII, or the date on which such claim is allowed by a final non-appealable order; or (b) within five years.

c. Statutory Bankruptcy Fee

All Bankruptcy fees and charges assessed against the Debtors under 28 U.S. C. § 1930(a)(6) payable to the United States Trustee shall be paid in cash by the Effective Date, with any applicable interest thereon. Thereafter, such fees and any applicable interest shall continue to be paid by the Debtors until Debtors' case is closed by entry of a final decree, converted, or dismissed.

The Debtors shall pay all United States Trustee quarterly fees under 28 U.S.C. §1930(a)(6), plus interest due and payable under 31 U.S.C. § 3717 on all disbursements, including Plan payments and disbursements in and outside the ordinary course of the Debtor's affairs, until the entry of a Final Decree, dismissal of the Chapter 11 Case or conversion of the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code. Additionally, the Debtors shall file quarterly Post Confirmation Reports and schedule quarterly post-confirmation status conferences with the Court.

2. Unimpaired Claims

Class I- (Secured Claims) - Shall consist of secured claim of Wells Fargo Home Mortgage in the amount of \$478,031.91 for a first mortgage for the property located at 35 Brighton 2 Place, Apt. 1A, Brooklyn, NY 11235 and secured claim of Ally Bank Lease Trust for car lease in the amount of \$11,678.32. As of the Petition Date, the Debtors were current on their monthly payments to Wells Fargo Home Mortgage and Ally Bank Lease Trust and they will continue to make their payments outside of the plan.

The Class I is unimpaired and not entitled to vote pursuant to §1124 of the Bankruptcy Code.

3. Impaired Claims

Class II - (Unsecured Claim) - Class II consists of the claims of general unsecured creditors in the Debtors' case totaling approximately \$274,657.40.

The Debtors propos to pay to general unsecured creditors 17% dividend of the allowed claim in 60 equal monthly installments effective 30 days after the Effective Date of this Plan. As a result, Class II Claims are impaired and are entitled to vote pursuant to §1126(f) of the Bankruptcy Code.

| Members of Class II | Aggregate Dollar Amount of Claims in Class II | Plan Treatment of Class II 17% in 60 months | Payment per Month |
|--|---|--|------------------------|
| Amex (4-1) | \$111,467.27 | \$18,949.44 | \$315.82 |
| Amex (3-1) | \$35,569.84 | \$6,046.87 | \$100.78 |
| Amex (2-1) | \$4,180.96 | \$710.76 | \$11.85 |
| Bank of America | \$22,487.61 | \$3,822.89 | \$63.71 |
| Barclaycard | \$915.44 | \$155.62 | \$2.59 |
| Cavalry SPV I, LLC /Capital One (10-1) | <u>\$15,983.41</u> | \$2,717.18 | \$45.29 |
| Cavalry SPV I, LLC //Capital One/Saks (11-1) | <u>\$3,955.62</u> | \$672.46 | \$11.21 |
| Citi | \$13,322.00 | \$2,264.74 | \$37.75 |
| Fia Csna | \$6,364.00 | \$1,081.88 | \$18.03 |
| Nordstorm/Td | \$9,003.00 | \$1,530.51 | \$25.51 |
| Pay Pal Credit | \$5,097.00 | \$866.49 | \$14.44 |
| Synco/Sleepys (8-1) | <u>\$2,377.35</u> | \$404.15 | \$6.74 |
| Synco/Toysrusdc (9-1) | <u>\$8,634.02</u> | \$1,467.78 | \$24.46 |
| Td Bank N.A (12-1) | <u>\$ 15,502.61</u> | \$2,635.44 | \$43.92 |
| Td Bank N.A (14-1) | <u>\$3,801.21</u> | \$646.21 | \$10.77 |
| Td Bank N.A (13-1) | <u>\$3,783.76</u> | \$643.24 | \$10.72 |
| Wf Crd Svc (7-1) | <u>\$1,556.87</u> | \$264.67 | \$4.41 |
| AMCA | \$200.00 | \$34.00 | \$0.57 |
| East Manhattan Diagnostic | \$375.00 | \$63.75 | \$1.06 |
| Joseph Iwanicki, MD PC | \$4,636.25 | \$788.16 | \$13.14 |
| North Shore LIJ | \$986.42 | \$167.69 | \$2.79 |
| NSLIJ Lenox Hill Hospital | \$2,327.77 | \$395.72 | \$6.60 |
| NY Health & Hospital | \$263.18 | \$44.74 | \$0.75 |
| NY Fire Department EMC | \$713.60 | \$121.31 | \$2.02 |
| NYC Health & Hospital | \$84.37 | \$14.34 | \$0.24 |
| Perkin Elmer Lab | \$200.00 | \$34.00 | \$0.57 |
| Ouest Diagnostics | \$30.54 | \$5.19 | \$0.09 |
| Select Diagnostics Imaging | \$20.50 | \$3.49 | \$0.06 |
| Select Diagnostics Imaging | \$623.70 | \$106.03 | \$1.77 |
| SUNY DOWNSTATE | \$194.10 | \$33.00 | \$0.55 |
| | <u>\$274,657.40</u> | <u>\$46,691.76</u> | <u>\$778.20</u> |

Classes Impaired Under The Plan

Under Section 1126 of the Code, Classes of Claims or Interests that are impaired are entitled to vote on a Plan of Reorganization. Under Section 1124 of the Bankruptcy Code, a Class of Claims or Interests is impaired unless the Plan, with respect to such Class:

- leaves unaltered the legal, equitable and contractual rights to which such Claim or Interest entitles the holder of such Claim or Interest; or
- reinstates the maturity of such Claim or Interest as such maturity existed before such default; or
- 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; or
- if such claim or such interest arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A), compensates the holder of such claim or such interest (other than the Debtors or an insider) for any pecuniary loss incurred by such holder as a result of such failure; and
- does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest.

Class II is impaired under the Plan.

I. CURRENT STATEMENT OF OPERATIONS AND BALANCE SHEET

Annexed hereto as **Exhibit "C"** is the Debtors' Monthly Operating Report as of September 30, 2016. Annexed hereto as **Exhibit "D"** is the projected Profit and Loss Statement for 5 years.

J. CLAIMS OBJECTIONS

If, as of thirty (30) days after the Effective Date, the Debtors have pending objections to claims, either filed as proofs of claim and/or scheduled in the Debtors' case (the "Disputed Claims"), no distributions otherwise due will be made by the Reorganized Debtors to the holders of Disputed Claims. At the time of any distribution under the Plan, the Reorganized Debtors will reserve and will not distribute cash equal to the amount that the holders of

Disputed Claims at the time of such distribution would have received had the Disputed Claims been Allowed Claims. After the Court has determined all Disputed Claims, the reserved amount will be distributed in accordance with the provisions of the Plan. At such time as a Disputed Claim becomes an Allowed Claim, the distribution that would have been dispersed had the Disputed Claim been an Allowed Claim on the Effective Date will be distributed by the Reorganized Debtor, without interest, to the holder of such Allowed Claim promptly after the Disputed Claim becomes an Allowed Claim pursuant to final order of the Court.

The Debtors and the Reorganized Debtors reserve the right to file objections to claims, to the extent that such objections are deemed necessary and appropriate. Any objections to claims the Debtors intends to bring will be filed no later than thirty (30) days after the Effective Date.

K. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Unless the Confirmation Order shall otherwise provide, or the Debtors shall have filed a motion to modify, substitute or reject any executory contracts or unexpired leases on the Effective Date, the Debtors will assume all executory contracts and leases which have not otherwise expired by their own terms. There are no contracts or leases to be assumed by the Debtors which require cure payments for assumption.

A proof of claim for any claim arising from the rejection of an executory contract shall be filed with the Clerk of the Court no later than thirty (30) days subsequent to the date that an order is entered rejecting the executory contract. The claim arising from the rejection of an executory contract or unexpired lease for which a proof of claim is not filed within such time shall be disallowed in its entirety, and shall be forever barred. The Debtor does not intend to file a motion to reject any executory contracts or unexpired leases. Accordingly, the Debtors do not anticipate that there will be any rejection damage claims filed.

L. FULL AND FINAL SATISFACTION

As provided in the Plan, all payments, distributions, and transfers of cash or property, under the Plan are in full and final satisfaction, settlement and release of all claims whatsoever existing as of the Confirmation Date against the Debtors, the Estate and the Reorganized Debtors, of any kind or nature whatsoever. These releases shall be effective upon Substantial Consummation of the Plan.

M. VOTING IMPAIRMENT, CONFIRMATION AND CRAMDOWN

1. Voting.

Claimants with allowed impaired claims are entitled to vote to accept or reject the Plan. A claimant who fails to vote to either accept or reject the Plan will not be included in the calculations regarding the acceptance or rejection of the Plan. Classes which are not "impaired" under the Plan, pursuant to Section 1126(f) of the Bankruptcy Code, are presumed to have accepted the Plan.

If the Court determines that any class is impaired, then a ballot to be completed by the holders of Claims of that class or classes will be enclosed herewith. Instructions for completing and returning the ballots are set forth thereon and should be reviewed at length. The Plan will be confirmed by the Bankruptcy Court and made binding upon all claimants if, with respect to all classes of claimants, the Plan is accepted by the holders of two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of allowed claims in each class voting upon the Plan.

2. The Confirmation Hearing

The Bankruptcy Court has scheduled the Confirmation Hearing to be held before the United States Bankruptcy Judge Carla E. Craig, at the United States Bankruptcy Court - Eastern District of New York, 271 Cadman Plaza East, Brooklyn, New York 11201-1800 on _____ The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of such adjournment in open Court. At the Confirmation Hearing, or at any adjourned hearing thereof, the Bankruptcy Court will consider whether the Plan satisfies the various requirements of the Bankruptcy Code, including whether it is feasible and whether it is in the best interests of holders of Claims and Interests. The Bankruptcy Court will also receive and consider a certification of ballots prepared on behalf of the proponent concerning the results of the vote on the Plan.

N. POTENTIAL AVOIDANCE AND OTHER SIMILAR CASES

The Debtors, after consultation with its professionals, have determined that there are very few, if any, preference actions. Under a cost benefit analysis, any such litigation would not increase the distribution to any class of creditors. The Debtors have agreed that no such actions will be brought. The Debtors have determined that there are no fraudulent conveyance actions to be brought in these Chapter 11 Cases.

O. TAX CONSEQUENCES TO ALLOWED CLAIMANTS.

The federal income tax consequences with respect to payments of Cash to Allowed Claimants in partial or full satisfaction of debt, or pursuant to a tax free recapitalization or other restructuring, depend on the allocation of such payments to principal and interest owed on the debt. The allocation of payments between interest and principal may affect:

- a. the existence and timing of recognition of interest income by a cash basis Claimant;
- b. the existence and timing of interest deductions on a cash basis (and sometimes to an accrual basis) Debtors;
- c. the amount (and possibly the character) of worthless debt loss recognized by the Claimants;
- d. the amount of cancellation of indebtedness income recognized by the Debtors; and the amount of gain or loss recognized by the Claimant pursuant to a recapitalization under Internal Revenue Code § 368(a)(1)(E).

An Allowed Claimant will recognize ordinary income to the extent that any stock, debt securities, other premises, or cash received is attributable to interest (including original issue discount) ("OID") which has accrued while the Claimant held the debt and which the Claimant previously included in income, exceeds the fair market value of stock, debt and cash received by the Claimant which is attributable to such accrued interest (including OID).

In addition, such Claimants will realize gain on such amount equal to the excess of the fair market value of stock, debt, other premises and cash received (excluding amounts attributable to interest and discussed above) over the cost or other tax basis of the debt claims surrendered (excluding any tax basis allocated to accrued interest). The gain may be a capital gain unless the exchange has the effect of a distribution of a dividend under Internal Revenue Code § 305 (discussed below) in which case gain recognized that is not in excess of earning and profits of the Debtor will be treated as a dividend. A corporate Claimant who receives a dividend may qualify for a dividend received deduction with respect to the dividend.

The rules regarding taxation of payments to Claimants which are attributable to other accrued but unpaid income items (e.g., rents, compensation, royalties, dividends, etc.) are similar to the rules described above for payments allocated to interest.

-Importance of Obtaining Professional Tax Assistance.

THE FOREGOING IS INTENDED TO BE ONLY A SUMMARY OF SELECTED FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN, AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH, AND RECEIPT OF ADVICE FROM, A TAX PROFESSIONAL. THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN THAT ARE DESCRIBED HEREIN AND THE STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN THAT ARE NOT ADDRESSED HEREIN, ARE COMPLEX AND, IN SOME CASES, UNCERTAIN. SUCH CONSEQUENCES MAY ALSO VARY BASED ON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM. ACCORDINGLY, EACH CLAIMANT AND EQUITY HOLDER IS STRONGLY URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN.

P. RETENTION OF JURISDICTION.

The Bankruptcy Court shall retain jurisdiction of the Chapter 11 Cases pursuant to and for the purposes set forth in Section 1127(b) of the Bankruptcy Code and, inter alia, for the following purposes:

- (i) To determine additional objections, if any, to the allowance of Claims or Interests;
- (ii) To determine any and all applications for compensation and reimbursement of expenses for professional fees and any other fees and expenses authorized to be paid or reimburses under the Bankruptcy Code;
- (iii) To amend or modify the Plan to remedy any defect, cure any omission, or reconcile any inconsistency in the Plan or the Confirmation Order as may be necessary or advisable to carry out the purposes and intent of the Plan to the extent authorized by the Bankruptcy Code or the Bankruptcy Rules;
- (iv) To determine any and all controversies and disputes arising under or related to the Plan;
- (v) To construe and enforce any and all provisions of the Plan;
- (vi) To determine any and all applications, motion, adversary proceedings and

contested or litigated matters pending before the Bankruptcy Court, or commenced within ninety (90) days of the Effective Date, concerning the administration of the Estate, or its property;

(vii) To determine any and all controversies and disputes arising under or related to any settlement of an adversary proceeding or contested matter approved by the Bankruptcy Court, either before or after the Confirmation Date; and

(viii) To enter a final Order or decree in the Debtors' Chapter 11 Case upon notice to the Office of the United States Trustee.

(ix) To determine such other matters as may be provided for in the Plan, Confirmation Order or as may be authorized under the provisions of the Bankruptcy Code or Bankruptcy Rules.

Q. FINANCIAL INFORMATION.

The Debtors have filed with the Bankruptcy Court monthly operating reports. This financial information has not been included in this Disclosure Statement, but may be examined in the office of the Clerk of the Bankruptcy Court, United States Bankruptcy Court - Eastern District of New York, 271 Cadman Plaza East, Brooklyn, New York 11201-1800, or, upon reasonable advance notice, at the offices of Law Offices of Alla Kachan, P.C. at 3099 Coney Island Ave, 3rd Floor, Brooklyn, NY 11235, during normal business hours.

R. ACCOUNTING PROCESS

The financial information contained in this Disclosure Statement was derived from the Petition, Schedules and monthly operating reports filed by the Debtors in this case.

S. CREDITORS RIGHTS UNDER § 1129(a)(15)

The Bankruptcy Abuse Prevention and Consumer Prevention Act of 2005 added Bankruptcy Code Section 1129(a)(15) which created additional requirements with respect to the confirmation of a Chapter 11 plan in the case of an individual debtor. Bankruptcy Code Section 1129(a)(15) reads in pertinent part:

In a case in which the debtor is an individual and in which the holder of an allowed unsecured claim objects to confirmation of the plan—

(A) the value, as of the effect date of the plan, of the property to be distributed

under the plan on account of such claim is not less than the amount of such claim; or

(B) the value of the property to be distributed under the plan is not less than the projected disposable income of the debtor (as defined in section 1325(b)(2)) to be received during the 5-year period beginning on the date that the first payment is due under the plan, or during the period for which the plan provides payment, whichever is longer.

All unsecured creditors have a right to object to the Debtors' Plan. Should an unsecured creditor object to confirmation of the Debtors' Plan, the individual Debtors' Chapter 11 Plan may only be confirmed if the Plan pays unsecured creditors 100% of their Allowed Claims, or devotes five (5) years of the individual Debtors' projected disposable income to the payment of Unsecured Creditors.

THE FAILURE BY AN UNSECURED CREDITOR TO OBJECT TO THE CONFIRMATION OF THE INDIVIDUAL DEBTORS' PLAN OF REORGANIZATION MAY RESULT IN THE COURT CONFIRMING THE PLAN WITHOUT SATISFYING THE REQUIREMENTS OF SECTION 1129(a)(15). ALL UNSECURED CREDITORS SHOULD DISCUSS THEIR RIGHTS WITH THEIR RESPECTIVE ATTORNEY.

T. DISTRIBUTIONS UNDER THE PLAN

General Matters Concerning the Distribution of Consideration

1. The Disbursing Agent

The Reorganized Debtors and such other Person(s) as may be approved by the Reorganized Debtors, or the Bankruptcy Court, shall act as Disbursing Agent(s) under the Plan. Any such Disbursing Agent may, with the prior approval of the Reorganized Debtors, employ or contract with other Persons to assist in or to perform the distributions required.

2. Cash Payments

Cash payments made pursuant to the Plan will be in U.S. dollars by checks drawn on a domestic bank selected by the Reorganized Debtors, or by wire transfer from a domestic bank, at the option of the Reorganized Debtors.

3. Transmittal of Distributions

A distribution shall be deemed made at the time such distribution is deposited in the United States mail, postage prepaid. Except as otherwise agreed with the holder of an Allowed Claim or Allowed Interest, any distribution on account of an Allowed Claim or Allowed Interest

shall be distributed by mail to (1) the latest mailing address filed of record for the party entitled thereto or to a holder of a power of attorney designated by such holder to receive such distributions or (ii) if no such mailing address has been so filed, the mailing address reflected on the filed Schedules of Assets and Liabilities or in the Debtors' books and records.

4. Undeliverable Distributions

If any distribution is returned to a Disbursing Agent as undeliverable, no further distributions shall be made to the holder of the Allowed Claim or Allowed Interest on which such distribution was made unless and until the Disbursing Agent or the Debtor are notified in writing of such holder's then-current address. Undeliverable distributions shall remain in the possession of the Disbursing Agent until such time as a distribution becomes deliverable or is deemed canceled (as hereinafter provided). Any unclaimed distribution held by a Disbursing Agent shall be accounted for separately, but the Disbursing Agent shall be under no duty to invest any such unclaimed distribution in any manner. Any holder of an Allowed Claim or Allowed Interest that does not present a Claim for an undeliverable distribution within one hundred and twenty (120) days after the date upon which a distribution is first made available to such holder shall have its right to such distribution and all subsequent distributions discharged and shall be forever barred from asserting any such Claim or Interest against the Reorganized Debtors or its property or against any other Person or entity, including the Disbursing Agent. All unclaimed or undistributed distributions shall, pursuant to Bankruptcy Code Section 347(b), be the property of the Debtors and shall be treated as determined by the Debtors in its sole and absolute discretion.

U. LEGAL EFFECTS OF CONFIRMATION AND EFFECTIVENESS OF THE PLAN

1. Discharge and Injunction

Entry of the Confirmation Order shall constitute an order of the Bankruptcy Court approving the Plan and any agreements or Orders entered in connection therewith, on and after the Effective Date and subject to the payments to be made under the Plan, and that:

a. the rights afforded in the Plan, and the treatment of all Claims and Interests thereunder, shall be in exchange for, and in complete satisfaction, discharge, and release of all Claims, (including without limitation, all Administrative Claims, Secured Claims, and Unsecured

Claims (including any interest accrued on such Claims from and after the Petition Dates)), against the Debtors and the Reorganized Debtor, or any of their assets or properties and any liability thereunder;

b. all substantive obligations of the Debtor shall be terminated, and the Debtor and the Reorganized Debtors shall be deemed discharged and released to the fullest extent permitted by Bankruptcy Code Section 1141 from all Claims that arose prior to the Effective Date against the Debtors and the Reorganized Debtors or their property or assets, (including without limitation, all Administrative Claims, Secured Claims, and Unsecured Claims (including any interest accrued on such Claims from and after the Petition Dates)), and all debts of the kind specified in Bankruptcy Code Sections 502(g), 502(h), or 502(i) of the Bankruptcy Code. This discharge and release shall be effective in each case whether or not: (i) a proof of claim or proof of interest based on such Claim, Administrative Claim, or Interest is Filed or deemed Filed pursuant to Bankruptcy Code Section 501, (ii) a Claim, Administrative Claim, is Allowed pursuant to the Bankruptcy Code, or (iii) the holder of a Claim, Administrative Claim has accepted the Plan;

c. all Persons and Governmental Units shall be permanently enjoined by Bankruptcy Code Section 524 from asserting against the Debtor, its successors, including the Reorganized Debtors, or their assets or properties, any other further Claims, or Administrative Claims, based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date. The discharge shall void any judgment against the Debtor and the Reorganized Debtors at any time obtained to the extent that it relates to a Claim, or Administrative Claim, that has been discharged or terminated;

d. all Persons and Governmental Units who have held, currently hold, or may hold a Claim or Administrative Claim, discharged or terminated pursuant to the terms of the Plan shall be permanently enjoined by Bankruptcy Code Section 524 from taking any of the following actions on account of any such discharged Claim or Administrative Claim: (i) commencing or continuing in any manner any action or other proceeding against the Debtors or the Reorganized Debtors, their successors, assets, or properties; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order against the Debtors or the Reorganized Debtors, their successors, assets, or properties; (iii) creating, perfecting, or enforcing any lien or encumbrance against the Debtors or the Reorganized Debtors, their successors, assets, or properties; (iv)

asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due to the Debtors or the Reorganized Debtors, their successors, assets, or properties; and (v) commencing or continuing any action, in any manner or place, that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order. Any Person or Governmental Unit violating such injunction may be liable for actual damages, including costs and attorneys' fees and, in appropriate circumstances, punitive damages; and

e. all Persons and Governmental Units who have held, currently hold, or may hold a Claim or Administrative Claim, discharged or terminated pursuant to the terms of the Plan shall be permanently enjoined by Bankruptcy Code Section 524 from commencing or continuing in any manner any action or other proceeding against any party on account of a Claim or cause of action that was property of the Estate, including, without limitation, any derivative Claims capable of being brought on behalf of the Debtors or the Reorganized Debtors, and all such Claims and causes of action shall remain exclusively vested in the Debtors and the Reorganized Debtors to the maximum extent such Claims and causes of action were vested in the Debtor. The Plan shall be binding upon and govern the acts of all Persons including, without limitation, all holders of Claims and Administrative Claims, all filing agents or officers, title agents or companies, recorders, registrars, administrative agencies, Governmental Units and departments, agencies or officials thereof, secretaries of state, and all other Persons who may be required by law, the duties of their office, or contract to accept, file, register, record, or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the assets of the Debtors or the Reorganized Debtors.

f. Neither the Debtors, the Reorganized Debtors, nor counsel to the Debtors or any Professional Person employed in the Chapter 11 Cases, nor any of their respective members, shareholders, officers, directors, employees, attorneys, advisors or agents shall have or incur any liability to any holder of a Claim or Interest for any act or omission in connection with, or arising out of, the Chapter 11 Cases, the pursuit of confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan except for willful misconduct, fraud, breach or fiduciary duty or gross negligence.

g. Notwithstanding any of the foregoing, the Debtors discharge is governed by the provisions of Bankruptcy Code Section 1141(d)(5) which states as follows:

“In a case in which the debtor is an individual – (A) unless after notice and a hearing the

court orders otherwise for cause, confirmation of the plan does not discharge any debt provided for in the plan until the court grants a discharge on completion of all payments under the plan;

(B) at any time after the confirmation of the plan and after notice and a hearing the court may grant a discharge to the debtor who has not completed payments under the plan if— (i) the value, as of the effective date of the plan, of property actually distributed under the plan on account of each allowed unsecured claim is not less than the amount that would have been paid on such claim of the estate of the debtor had been liquidated and under chapter 7 on such date; and (ii) modification of the plan under Section 1127 is not practicable; and (C) unless after notice and a hearing held not more than ten (10) days before the date of the entry of the order granting the discharge, the court finds that there is no reasonable cause to believe that – (i) section 522(q)(1) may be applicable to the debtor; and (ii) there is pending any proceeding in which the debtor may be found guilty of a felony of the kind described in section 522(q)(1)(A) or liable for a debt of the kind described in section 522(q)(1)(B).

2. Revesting of Property of the Estate and Release of Liens

Except as otherwise provided in the Plan, any contract, instrument, or other agreement or document created in connection with the Plan, or the Confirmation Order, on the Effective Date, all Property of the Estate, wherever situated, shall be revested in the Reorganized Debtors, and except as set forth herein shall be free and clear of all Claims, mortgages, deeds of trust, liens, security interests, encumbrances, and other interests of any Person, and the Reorganized Debtors may thereafter operate its business and may use, acquire, and dispose of property and compromise or settle any Claims without the supervision or approval of the Bankruptcy Court, free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules of the United States Bankruptcy Court for the Eastern District of New York, and the guidelines and requirements of the Office of the United States Trustee.

3. Votes Solicited in Good Faith

The Debtors have, and upon Confirmation of the Plan will be deemed to have, solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code. The Debtors (and each of its affiliates, agents, directors, officers, members, employees, advisors, and attorneys if any) have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code and therefore has not been, and will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the

solicitation of acceptances or rejections of the Plan or the distributions made under the Plan.

4. Administrative Claims Incurred After the Effective Date

Administrative Claims incurred by the Debtors after the Effective Date including (without limitation) Claims for Professionals' fees and expenses incurred after such date, may be paid by the Reorganized Debtors in the ordinary course of business and without application for or Bankruptcy Court approval.

V. MODIFICATION OR REVOCATION OF THE PLAN

Subject to the restrictions on modifications set forth in Bankruptcy Code Section 1127, the Debtors and the Reorganized Debtors reserve the right to alter, amend, or modify the Plan before or after the Effective Date. No alterations, amendments, or modifications may be made by any party except the Debtors or the Reorganized Debtors. If the Plan is modified by the Debtors or the Reorganized Debtors such entity will give notice of the amendment or modification to the U.S. Trustee. A hearing on such issues and any resolicitation of ballots may significantly delay Confirmation and, consequently, significantly delay distributions under the Plan.

The provisions of the Plan are not severable unless such severance is agreed to by the Debtors or the Reorganized Debtors and such severance would constitute a permissible modification of the Plan pursuant to Bankruptcy Code Section 1127.

W. SUMMARY OF CERTAIN OTHER PROVISIONS OF THE PLAN

1. Setoffs

Except as otherwise provided in the Plan, agreements entered into in connection therewith, the Confirmation Order, or in agreements previously approved by Final Order of the Bankruptcy Court, the Debtor or the Reorganized Debtor may, pursuant to Bankruptcy Code Section 553 or applicable non-bankruptcy law, setoff against any Allowed Claim (before any distribution is made on account of such Claim) any and all of the Claims, rights and causes of action of any nature that the Debtors may hold against the holder of such Allowed Claim.

X. MEANS OF IMPLEMENTING THE PLAN

The funds required for confirmation and the payment of claims required to be paid on the Effective Date shall be provided by the Debtors and the Reorganized Debtors from funds

generated by the business operations of the Debtors.

Y. EVENTS OF DEFAULT

It shall be an event of default if the Reorganized Debtors fail to make any payment as provided in the Plan.

Upon written receipt from any creditor of notice of default, the Reorganized Debtors shall have a period of thirty (30) days from receipt of such notice to cure such default and during such thirty (30) day period, the creditors shall take no action to terminate this Plan. If such default is cured by the Reorganized Debtors within said thirty (30) day period, then the Plan shall continue in full force and effect. Notices of default shall be sent to the Reorganized Debtors and the Debtors' attorneys, Law Offices of Alla Kachan, P.C., by overnight and electronic mail to: Law Offices of Alla Kachan, P.C., 3099 Coney Island Ave, 3RD Floor, Brooklyn, NY 11235, ALLA@KACHANLAW.COM.

Z. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not confirmed and consummated, the alternatives to the Plan include (i) liquidation of the Debtors under Chapter 7 of the Bankruptcy Code, and (ii) an alternative plan of reorganization or a plan of liquidation.

A. Alternative Plan of Reorganization or Plan of Liquidation

If the Plan is not confirmed, the Bankruptcy Court could confirm a different plan. The Plan is, in essence, a reorganization of the Debtors' business and a different plan might involve either a reorganization and continuation of the Debtors' business or an orderly liquidation of the Debtors' assets. The Debtors believe that the Plan, as described herein, enables creditors and interest holders to realize the highest and best value under the circumstances. The Debtors believe that any liquidation of the Debtors' assets or alternative form of Chapter 11 plan is a much less attractive alternative to creditors than the Plan because of the far greater returns and certainty provided by the Plan. Other alternatives could involve diminished recoveries, significant delay, uncertainty, and substantial additional administrative costs. The Debtors believe that its Plan provides the best recovery to its creditors which provides for a distribution of Cash, rather than no recovery or diminished recoveries following a liquidation of its assets or distribution of other property. (Please see attached **Exhibit "E"** – The Liquidation Analysis)

B. Liquidation Under Chapter 7

If no plan is confirmed, the Chapter 11 Case may be converted to cases under Chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed or elected to liquidate the Debtors' assets for distribution in accordance with the priorities established by Chapter 7 of the Bankruptcy Code.

CONCLUSION

The Debtors believe that its Plan of Reorganization will result in creditors receiving more than they would under a hypothetical Chapter 7 liquidation and believes that Confirmation of the Plan of Reorganization is in the best interests of creditors and interest holders of the Debtors.

Accordingly, the Debtors urge all Creditors to accept the Plan.

Dated: Brooklyn, New York
October 25, 2016

/s/ Lenny Shtab

Lenny Shtab

/s/ Alla Shilman

Alla Shilman

/s/ Alla Kachan

Alla Kachan, Esq.

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Brooklyn, NY 11235

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EXHIBIT A

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK**

IN RE:

CASE NO.: 1-16-41274-CEC

LENNY SHTAB AND ALLA SHILMAN,

Chapter 11

Debtors.

DEBTORS' FIRST AMENDED CHAPTER 11 PLAN

ALLA KACHAN, ESQ.
Attorney for Debtors Lenny Shtab and Alla Shilman
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PLAN OF REORGANIZATION

The Debtors, by and through their attorney, Alla Kachan pursuant to 11 U.S.C. §1121 et seq., proposes the following Plan.

Lenny Shtab and Alla Shilman (“Lenny Shtab and Alla Shilman”), the above named captioned debtors and debtors-in-possession (“Debtors”) hereby submits the following first amended Chapter 11 Plan of Reorganization (the “Plan”) pursuant to the provisions of Chapter 11 of the Bankruptcy Code. All Holders of Claims who are eligible to vote on the Plan are encouraged to read the Plan and the accompanying Disclosure Statement including all exhibits before voting to accept or reject the Plan. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, the Debtors reserve the right to alter, amend, modify, revoke, or withdraw this Plan prior to its substantial consummation. The Debtors are the proponent of the Plan within the meaning of section 1129 of the Bankruptcy Code.

Nothing contained herein shall constitute an offer, acceptance or legally binding obligation of the Debtors or any other party in interest and the Plan is subject to approval of the Bankruptcy court and other customary conditions.

ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN ARE ENCOURAGED TO READ CAREFULLY THE DISCLOSURE STATEMENT (INCLUDING ALL EXHIBITS) AND THE PLAN, EACH IN ITS ENTIRETY, BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

ARTICLE I

DEFINED TERMS AND RULES OF INTERPRETATION

A. Rules of Construction

For purposes of this Plan, except as expressly provided herein or unless the context otherwise requires, all capitalized terms not otherwise defined shall have the meanings ascribed to them in Article I of this Plan or any Exhibit. Any term used and not defined in this Plan but is defined in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable. Whenever the context requires, such terms shall include the plural as well as the singular number, the masculine gender shall include the feminine, and the feminine gender shall include the masculine.

B. Definition

1.1 Administrative Claim means as Allowed Claim for costs and expenses of administration of the Chapter 11 Case under section 503(b), 507(b) or 1114(e)(2) of the Bankruptcy Code including: (a) any actual and necessary costs and expenses, incurred after the Petition Date, of preserving the Estate and operating business and Claims of governmental units for taxes (including tax audit Claims related to tax years commencing after the Petition Date, but excluding Claims relating to tax periods, or portions thereof, ending on or before the Petition Date); and (b) all other claims entitled to administrative claim status pursuant to a Final Order of the Bankruptcy Court and including Profession Fee Claims.

1.2 Administrative Bar Date means the last day in which creditors and parties-in-interest can file a proof of claim against the Debtors for administrative expenses.

1.3 Administrative Period means the period beginning on the Petition Date and ending on the Confirmation Date.

1.4 Adversary Proceeding means any and all actions previously commenced, or to be commenced, by the Debtors to recover money or property on behalf of the Debtors' Estate.

1.5 Allowed Claim means a Claim or any portion thereof (a) that has been allowed by a Final Order of the Bankruptcy Court (or such court as the Debtors and the Holder of any Claim agree may adjudicate the Claim and any objection thereto), (b) that either has been Scheduled as a liquidated, non-contingent, and undisputed in an amount greater than zero on the Scheduled, or, is the subject of a timely filed proof of claim as to which either (i) no objection to its allowance has been Filed (either by way of objection or amendment to the Schedules) within the periods of limitation fixed by the Bankruptcy Code or by any order of the Bankruptcy Court or (ii) any objection to its allowance has been settled, waived through payment, or withdrawn, or has been denied by a Final Order, or (c) that is expressly Allowed in a liquidated amount in the Plan; provided, however, that with respect to an Administrative Claim, "Allowed Claim" means an Administrative Claim as to which a timely written request for payment has been made in accordance with applicable bar dates for such requests set by the Bankruptcy Court (if such written request is required) in each case as to which the Debtors, or any other party in interest has not interposed a timely objection or has interposed a timely objection and such objection has been settled, waived through payment, or withdrawn, or has been denied by a Final Order.

1.6 Avoidance Actions means Causes of Action arising under Bankruptcy Code

sections 502, 510, 541, 542, 544, 545, 547 through 551 and/or 553, or under related state or federal statutes and common law, including, without limitation, fraudulent transfer laws, whether or not litigation is commenced to prosecute such Causes of Action; provided, however, that Avoidance Actions shall not be deemed to include those causes of action released, waived and/or discharged pursuant to this Plan or an order of the Bankruptcy Court.

1.7 Ballot means each of the ballot forms distributed to each Holder of a Claim entitled to vote to accept or reject this Plan.

1.8 Bankruptcy Code means title 11 of the United States Code, as now in effect or hereafter amended and as applicable to the Chapter 11 Case.

1.9 Bankruptcy Court means the United States Bankruptcy Court for the Eastern District of New York or any other court with jurisdiction over the Chapter 11 Case.

1.10 Bankruptcy Rules means the Federal Rules of Bankruptcy Procedure and the local rules of the Bankruptcy Court, as now in effect or hereinafter amended.

1.11 Bar Date means the last day in which creditors and parties-in-interest can file a proof of claim against Debtors.

1.12 Cash means the legal tender of the United States of America and equivalents thereof, which may be conveyed by check or wire transfer.

1.13 Chapter 11 Case means the case under chapter 11 of the Bankruptcy Code commenced by the Debtors.

1.14 Claims means a "claim" as defined in section 101(5) of the Bankruptcy Code.

1.15 Claimant means the holder of a Claim.

1.16 Claims Objection Deadline means the last day for Filing objections to Claims, other than Administrative Claims and Professional Fee Claims, which day shall be (a) the later of (i) 60 days after the Effective Date and (ii) 60 days after the filing of a proof of claim for, or request for payment of, such Claim and (b) such other date as the Bankruptcy Court may order.

1.17 Class means a category of Holders of Claims, as described in Article II.

1.18 Closing Date means the date that Debtors completes all Plan payments and a final decree is entered by the Court.

1.19 Confirmation means entry of a Final Order confirming the Plan in accordance with Section 1129 of the Bankruptcy Code.

1.20 Confirmation Date means the date on which the Bankruptcy Court entered the

Confirmation Order.

1.21 Confirmation Hearing means the hearing held before the Bankruptcy Court to consider confirmation of this Plan pursuant to Section 1128(a) and 1129 of the Bankruptcy Code, as it may be adjourned or continued from time to time.

1.22 Confirmation Order means the order issued and entered confirming the Plan, pursuant to Section 1129 of the Bankruptcy Code.

1.23 Consummation of the Plan means the period by which the Debtors commence distribution under the Plan.

1.24 Creditor means all entities and/or individuals holding Claims against the Debtors' estate.

1.25 Cure Period means the period of thirty (30) days the Debtors has to cure any default in payments required under the Plan after a Claimant provide written notice to the Debtors and attorneys of the default.

1.26 Debtors mean Lenny Shtab and Alla Shilman.

1.27 Disallowed Claim means a Claim, or any portion thereof, that (a) has been disallowed by the Final Order, (b) is scheduled at zero or as contingent, disputed or unliquidated and as to which no Proof of Claim has been filed by the Bar Date or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy or any Final Order, or otherwise deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any final Order or under applicable law, or (c) is not Scheduled, and as to which (i) no Proof of Claim has been filed by the Bar Date or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order or under applicable law, or (ii) no request for payment of an Administrative Claim has been filed by the Administrative Claims Bar Date or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order or under applicable law.

1.28 Disbursing Agent means the Post-Confirmation Debtors.

1.29 Disclosure Statement means the Disclosure Statement filed pursuant to Section 1125 of the Bankruptcy Code filed by the Debtors in connection with the Reorganization Case, and all Exhibits in connection therewith and any documents delivered in connection therewith, as the same may be amended from time to time by any duly authorized amendments or modification.

1.30 Disputed Claim means a Claim, or any portion thereof, designated as disputed, contingent or unliquidated in the Debtors' Schedules filed in connection with its Reorganization Case, or any Claim against which an objection to the allowance thereof has been interposed and as to which such objection a Final Order has not been entered or any Claim against which the period for bringing such objection as provided hereunder has not expired.

1.31 Disputed Claim Amount means (a) if a liquidated amount is set forth in the Proof of Claim relating to a Disputed Claim, (i) the liquidated amount set forth in the Proof of Claim relating to the Disputed Claim; (ii) an amount agreed to by the Debtors and the Holder of the Disputed Claim; or (iii) if a request for estimation is filed by any party, the amount at which the Claim is estimated by the Bankruptcy Court; (b) if no liquidated amount is set forth in the Proof of Claim relating to a Disputed Claim, (i) an amount agreed to by the Debtors and the holder of the Disputed Claim or (ii) the amount estimated by the Bankruptcy Court with respect to the Disputed Claim; or (c) if the Claim was listed on the Schedules as unliquidated, contingent or disputed and no Proof of Claim was filed, or deemed to have been filed, by the Bar Date and the Claim has not been resolved by written agreement of the parties or an order of the Bankruptcy Court, zero.

1.32 Disputed Claim Holder means the holder of a Disputed Claim.

1.33 Distribution means any distribution pursuant to the Plan to the Holders of Allowed Claims.

1.34 Distribution Date means the date upon which initial distributions are made by the Disbursing Agent to Holders of Allowed Claims entitled to receive Distribution under the Plan, which shall be thirty (30) days after the Effective Date.

1.35 Effective Date means the day following the day upon which the order of Confirmation has become a Final Order.

1.36 Estate means the estate of the Debtors created under section 541 of the Bankruptcy Code.

1.37 Exhibit means the exhibits filed in support of this Plan or as an appendix to the Disclosure Statement.

1.38 Extension Period means the additional ninety (90) days that the Cure period shall be extended in the event of any act of terrorism or God which adversely impacts upon the ability of the Debtors or Reorganized Debtors to satisfy payment obligation under the Plan.

1.39 Final Order means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as entered in the Chapter 11 Case, the operation or effect of which has not been stayed, reversed or amended and as to which order or judgment (or any revision, modification, or amendment thereof) the time to appeal or seek review or rehearing has expired and as to which no appeal or petition for review or rehearing was Filed or, if Filed, remains pending.

1.40 General Unsecured Claim means a Claim that is not an Administrative Claim, Priority Tax Claims, Priority Non-Tax Claim, Secured claim or Professional Fee Claim.

1.41 Governmental Unit means a “governmental unit” as defined in section 101(27) of the Bankruptcy Code.

1.42 Holder means the legal or beneficial holder of a Claim (and, if used in conjunction with a Class or type of Claim, means a holder of a Claim in such Class or of such type).

1.43 Impaired means a Claim or Class that is impaired within the meaning of section 1124 of the Bankruptcy Code.

1.44 Person means an individual, corporation, partnership, joint venture, trust, estate, unincorporated association, unincorporated organization, governmental entity, or political subdivision thereof, or any other entity.

1.45 Petition Date means March 28, 2016, the date of the commencement of the Debtors’ Reorganization Case.

1.46 Plan means this document entitled “Plan of Reorganization” including the exhibits and all supplements, appendices, and schedules, either in its current form or as the same may be altered, amended, or modified from time to time in accordance with the Bankruptcy Code and Bankruptcy Rules.

1.47 Plan Supplement means, if any, such exhibits, documents, lists or schedules not filed with the Plan but as may be filed in connection therewith within ten (10) days of the Confirmation Hearing.

1.48 Priority Non-Tax Claim means a Claim, other than an Administrative Claim or Priority Tax Claim, which is entitled to priority in payment pursuant to section 507(a) of the Bankruptcy Code.

1.49 Priority Tax Claim means a Claim of a Governmental Unit of the kind specified

in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

1.50 Post-Confirmation Expenses means all reasonable fees, expenses and disbursements of Professional Person incurred after the Confirmation Date.

1.51 Professional means (a) any professional employed in the Chapter 11 Case pursuant to sections 327, 328, or 1103 or otherwise of the Bankruptcy Code and (b) any professional or other entity seeking compensation or reimbursement of expenses in connection with the Chapter 11 Cases pursuant to section 503(b)(4) of the Bankruptcy Code.

1.52 Professional Fees means all allowances of compensation and reimbursement of expenses Allowed, or to be allowed pursuant to Section 330 or 331 of the Bankruptcy Code, to any Professional Person retained pursuant to Section 327 of the Bankruptcy Code.

1.53 Proof of Claim means the proof of claim that must be filed on or before the Bar Date or such other date as prescribed by the Bankruptcy Court.

1.54 Released Parties means any of the Debtors and its agents, advisors, attorneys, and representatives.

1.55 Schedules means the schedules of assets and liabilities and the statement of financial affairs filed by the Debtors pursuant to Section 521 of the Bankruptcy Code and the Bankruptcy Rules, as such schedules have been or may be further modified, amended or supplemented in accordance with Bankruptcy Rule 1009 or orders of the Bankruptcy Court.

1.56 Tax Claim means all or that part of a Claim held by a Governmental Unit for a tax assessed or assessable against the Debtors, including income and employment taxes and any related penalties or interest.

1.57 Unclassified Claims means Administrative, Priority and Tax Claims.

1.58 Unimpaired means a Claim that is not impaired within the meaning of Section 1124 of the bankruptcy Code.

1.59 Unsecured Claims means any Claims which do not qualify as an Administrative Claim, Priority Claim or Secured Claim.

1.60 Unsecured Creditor means the holder of an Unsecured Claim.

1.61 Voting Deadline means the date and time, as fixed by an order of the Bankruptcy Court and set forth in the Disclosure Statement, by which all Ballots to accept or reject the Plan must be received in order to be counted.

C. Rules of Interpretation

The provisions of the Plan shall control over any descriptions contained in the Disclosure Statement. Where the Plan refers to "any contract, instrument, or other agreement or document created in connection with the Plan," the provisions of such contract, instrument, or other agreement or document shall control over any inconsistency with the terms of the Plan, and the Plan will be interpreted to avoid any inconsistencies with the provisions of such contract, instrument, or other agreement or document.

1. Without limiting foregoing, the rules of construction set forth in Bankruptcy Code §102 shall apply. The definitions and rules of construction contained herein do not apply to the Disclosure Statement or to the Exhibits to the Disclosure Statement except to the extent expressly so stated in the Disclosure Statement.

2. The words "herein," "hereto," "hereunder" and others of similar import refer to the Plan as a whole and not to any particular Article, Section, subsection or clause contained in the Plan.

3. Unless specified otherwise in a particular reference, all references in the Plan to Articles, Sections and Exhibits are references to Articles, Sections and Exhibits of or to the Plan.

4. Any reference in the Plan to an existing document or Exhibit means such document or Exhibit as it may have been amended, restated, modified, or supplemented as of the Effective Date.

5. Captions and reference to Articles and Sections in the Plan are inserted for convenience only and shall neither constitute a part of the Plan nor in any way affect the interpretation of any provisions hereof.

D. Computation of Time

In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

E. Governing Law

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) and except as otherwise provided herein or therein, the laws of the State of New York shall govern the construction and implementation of the Plan and any agreements, documents and instruments executed in connection with the Plan.

ARTICLE II

CLASSIFICATION OF CLAIMS

A. Introduction:

All Claims except Administrative Claims, Priority Tax Claims and Bankruptcy Fees placed in the Classes set forth below. In accordance with Section 1123(a)(I) of the Bankruptcy Code, Priority Tax Claims have not been classified. A claim is placed in a particular Class only to the extent that the Claim falls within the description of that Class, and is classified in other Classes to the extent that any portion of the Claim falls within the description of the other Classes. A Claim is also placed in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is Allowed in that Class and the Claim has not been paid, released or otherwise settled prior to the Effective Date.

B. Unclassified Claims

1. Administrative Claims
2. Priority Tax Claims.
3. Bankruptcy Fees.

C. Unimpaired Classes of Claims

Class I- (Secured Claims) - Shall consist of secured claim of Wells Fargo Home Mortgage in the amount of \$478,031.91 (Claim No. 5-1) for the mortgage for the property located at 35 Brighton 2 Place, Apt. 1A, Brooklyn, NY 11235 and secured claim of Ally Bank Lease Trust for car lease in the amount of \$11,678.32 (Claim No. 1-1).

D. Impaired Classes of Claims

Class II - (Unsecured Claim) - Class II consists of the claims of general unsecured creditors in the Debtors' case totaling approximately \$274,657.40.

ARTICLE III

TREATMENT OF CLAIM

A. Unclassified Claims

1. Administrative Claims

Administrative claims consist of the Debtors' duly retained professionals and any other administrative expenses allowed under Section 503 of the Bankruptcy Code. Administrative Claims will include the fees and expenses of the Debtors' Counsel, Alla Kachan,

Esq., in the approximate amount of \$2,000.00 (through confirmation, exclusive of the pre-petition retainer received prior to the Petition Date in the amount of \$12,000.00 from the Debtors).

Wisdom Professional Services Inc. assert a claim for the fees and expenses as accountants for the Debtors, in the approximate amount of \$3,000.00. Wisdom Professional Services Inc. has not received an initial retainer fee prior to filing.

The claims of Debtors' professionals shall be subject to final fees applications pursuant to Bankruptcy Code Section 330 and orders of the Court approving the fees and expenses as sought by this application. The Debtors estimates that the total administrative fees paid to professionals will equal \$5,000.00.

2. Priority Claims

There are no known priority tax claimants. However in the event such a claim is filed Priority Claim will be paid in full, in cash, upon (A) the later of the effective date of this Plan as defined in Article VII, or the date on which such claim is allowed by a final non-appealable order; or (b) within five years.

3. Statutory Bankruptcy Fee

All Bankruptcy fees and charges assessed against the Debtors under 28 U.S. C. § 1930(a)(6) payable to the United States Trustee shall be paid in cash by the Effective Date, with any applicable interest thereon. Thereafter, such fees and any applicable interest shall continue to be paid by the Debtors until Debtors' case is closed by entry of a final decree, converted, or dismissed.

The Debtors shall pay all United States Trustee quarterly fees under 28 U.S.C. §1930(a)(6), plus interest due and payable under 31 U.S.C. § 3717 on all disbursements, including Plan payments and disbursements in and outside the ordinary course of the Debtor's affairs, until the entry of a Final Decree, dismissal of the Chapter 11 Case or conversion of the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code. Additionally, the Debtors shall file quarterly Post Confirmation Reports and schedule quarterly post-confirmation status conferences with the Court.

B. Unimpaired Claims

Class I- (Secured Claims) - Shall consist of secured claim of Wells Fargo Home Mortgage in the amount of \$478,031.91 for the mortgage for the property located at 35 Brighton

2 Place, Apt. 1A, Brooklyn, NY 11235 and secured claim of Ally Bank Lease Trust for car lease in the amount of \$11,678.32. As of the Petition Date, the Debtors were current on their monthly payments to Wells Fargo Home Mortgage and Ally Bank Lease Trust and they will continue to make their payments outside of the plan.

The Class I is unimpaired and not entitled to vote pursuant to §1124 of the Bankruptcy Code.

C. Impaired Claims

Class II - (Unsecured Claim) - Class II consists of the claims of general unsecured creditors in the Debtors' case totaling approximately \$274,657.40.

The Debtors propos to pay to general unsecured creditors 17% dividend of the allowed claim in 60 equal monthly installments effective 30 days after the Effective Date of this Plan. As a result, Class II Claims are impaired and are entitled to vote pursuant to §1126(f) of the Bankruptcy Code.

| Members of Class II | Aggregate Dollar Amount of Claims in Class II | Plan Treatment of Class II 17% in 60 months | Payment per Month |
|--|---|---|-------------------|
| Amex (4-1) | \$111,467.27 | \$18,949.44 | \$315.82 |
| Amex (3-1) | \$35,569.84 | \$6,046.87 | \$100.78 |
| Amex (2-1) | \$4,180.96 | \$710.76 | \$11.85 |
| Bank of America | \$22,487.61 | \$3,822.89 | \$63.71 |
| Barclaycard | \$915.44 | \$155.62 | \$2.59 |
| Cavalry SPV I, LLC /Capital One (10-1) | \$15,983.41 | \$2,717.18 | \$45.29 |
| Cavalry SPV I, LLC //Capital One/Saks (11-1) | \$3,955.62 | \$672.46 | \$11.21 |
| Citi | \$13,322.00 | \$2,264.74 | \$37.75 |
| Fia Csna | \$6,364.00 | \$1,081.88 | \$18.03 |
| Nordstorm/Td | \$9,003.00 | \$1,530.51 | \$25.51 |
| Pay Pal Credit | \$5,097.00 | \$866.49 | \$14.44 |
| Synch/Sleepys (8-1) | \$2,377.35 | \$404.15 | \$6.74 |
| Synch/Toysrusdc (9-1) | \$8,634.02 | \$1,467.78 | \$24.46 |
| Td Bank N.A (12-1) | \$15,502.61 | \$2,635.44 | \$43.92 |
| Td Bank N.A (14-1) | \$3,801.21 | \$646.21 | \$10.77 |
| Td Bank N.A (13-1) | \$3,783.76 | \$643.24 | \$10.72 |
| Wf Crd Svc (7-1) | \$1,556.87 | \$264.67 | \$4.41 |

| | | | |
|----------------------------|----------------------------|---------------------------|------------------------|
| AMCA | \$200.00 | \$34.00 | \$0.57 |
| East Manhattan Diagnostic | \$375.00 | \$63.75 | \$1.06 |
| Joseph Iwanicki, MD PC | \$4,636.25 | \$788.16 | \$13.14 |
| North Shore LIJ | \$986.42 | \$167.69 | \$2.79 |
| NSLIJ Lenox Hill Hospital | \$2,327.77 | \$395.72 | \$6.60 |
| NY Health & Hospital | \$263.18 | \$44.74 | \$0.75 |
| NY Fire Department EMC | \$713.60 | \$121.31 | \$2.02 |
| NYC Health & Hospital | \$84.37 | \$14.34 | \$0.24 |
| Perkin Elmer Lab | \$200.00 | \$34.00 | \$0.57 |
| Ouest Diagnostics | \$30.54 | \$5.19 | \$0.09 |
| Select Diagnostics Imaging | \$20.50 | \$3.49 | \$0.06 |
| Select Diagnostics Imaging | \$623.70 | \$106.03 | \$1.77 |
| SUNY DOWNSTATE | \$194.10 | \$33.00 | \$0.55 |
| | <u>\$274,657.40</u> | <u>\$46,691.76</u> | <u>\$778.20</u> |

ARTICLE IV

ACCEPTANCE OR REJECTION OF THE PLAN

A. Impaired Classes of Claims entitled to Vote

The Holders of Claims in Classes II are entitled to vote to accept or reject the Plan, and the votes of the Holders of claims in said Classes will be solicited.

B. Impaired Classes of Claims entitled to Vote

In accordance with Section 1126(c) of the Bankruptcy Code and except as provided in Section 1126(e) of the Bankruptcy Code, an Impaired Class or Claims shall have accepted the Plan if the Plan is accepted by the Holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of Allowed Claims of such Class that have timely and properly voted.

ARTICLE V

MEANS FOR IMPLEMENTATION THE PLAN

A. Implementing Action

The Plan will be financed from the Debtors' employment. Following the Effective Date, or as soon thereafter, the following shall occur to implement the Plan

(i) all actions, documents and agreements necessary to implement the Plan shall be taken or executed; and (ii) the Disbursing Agent shall make all Distributions required to be made to Holders of Allowed claims pursuant to the Plan.

B. Post-Effective Date Costs

From and after the Effective Date and without further order of the Bankruptcy Court, the Debtors shall pay the fees and expenses of its Professionals in the ordinary course of business including, without limitations, those fees and expenses incurred in connection with the implementation and consummation of the Plan.

C. Preservation of Causes of Action

In accordance with Section 1123(b)(3) of the Bankruptcy Code and except as otherwise provided in an order of the Bankruptcy Court the Debtors and its Estate shall retain all of the causes of action arising under applicable state laws, including, without limitation, the Causes of Action, Avoidance Actions, if any, and all other causes of action of a trustee and debtor in possession under the Bankruptcy Code.

ARTICLE VI

DISTRIBUTION UNDER THE PLAN

A. The Disbursing Agent(s)

The reorganized Debtors shall act as Disbursing Agent(s) under the Plan, subject to the terms and provisions of the Plan. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy court or required by the Bankruptcy Code or the Bankruptcy Rules.

B. Cash Payments

Cash payments made pursuant to the Plan will be made on the Effective Date in U.S. Dollars by checks drawn on a banking institution that is an authorized depository in the Eastern District of New York selected by the Debtors or by wire transfer from a banking institution that is an authorized depository in the Eastern district of New York at the option of the Debtors.

C. Transmittal of Distribution

All distributions shall be deemed made at the time such distribution is deposited in the United States mail, postage prepaid. Except as otherwise agreed with the holder of an Allowed Claim or Allowed Interest such distribution shall be distributed by mail to (i) the latest mailing address filed of record for the party entitled thereto or to a Holder of a power of attorney designated by such Holder to receive such distributions or (ii) if no such mailing address has been so filed, the mailing address reflected upon the filed Schedules of Assets and

Liabilities or in the Debtors' books and records.

D. Undeliverable Distribution

If any distribution is returned to a disbursing Agent as undeliverable or is otherwise unclaimed, no further distributions shall be made to the Holder of the Allowed Claim or Allowed Interest on which such distribution was made unless and until the Debtors is notified in writing of such Holder's then-current address, at which time all missed Distributions shall be made to the Holder without interest. Undeliverable distributions shall remain in the possession of the Debtors until such time as a distribution becomes deliverable or is deemed canceled (as hereinafter provided). Any unclaimed distribution held by Debtors shall be accounted for separately, but the Disbursing Agent shall be under no duty to invest any such unclaimed distribution in any manner. Any Holder of an Allowed Claim or Allowed Interest that does not present a claim for an undeliverable distribution within one hundred eighty (180) days after the date upon which a distribution is first made available to such Holder shall have its rights to such distribution discharged after service by the Debtors with a waiver notice detailing the creditor(s) name and distribution amount, and shall be forever barred from asserting any such Claim or Interest against the Debtors or its property or against any other Person, including the Debtors. All unclaimed or undistributed distributions shall, pursuant to Bankruptcy Code Section 347(b) be the property of the Debtors and shall be treated as determined by the Debtors in its sole and absolute discretion.

E. Interest on Claims

Post-petition interest shall not accrue or be paid on any Claims, and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim unless otherwise specifically provided for in the Confirmation Order, or required by applicable bankruptcy law.

F. Withholding and Reporting Requirements

In accordance with Section 346 of the Bankruptcy Code and in connection with the Plan and all distributions hereunder, the Disbursing Agent shall, to the extent applicable, comply with all withholding and reporting requirements imposed by any federal, state, provincial, local or foreign taxing authority. The Disbursing Agent shall be authorized to take any and all actions necessary and appropriate to comply with such requirements. As a condition of making any distribution under Plan, the Disbursing Agent may require the Holder of an

Allowed Claim to provide such Holder's taxpayer identification number, and such other information, certification or form as necessary to comply with applicable tax reporting and withholding laws. Notwithstanding any other provision of the Plan, each Person receiving a Distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of tax obligations on account of any such Distribution.

ARTICLE VII

CONFIRMATION AND CONSUMMATION OF THE PLAN

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in writing: (i) The Confirmation Order shall have been entered and become a Final Order and shall provide that the Debtors is authorized and directed to take all actions necessary or appropriate to enter into, implement and consummate the agreements or documents created in connection with the Plan or effectuate advance or further the purposes thereof; (ii) All other actions, documents, and agreements necessary to implement the Plan shall have been effected or executed; and (iii) The Debtors shall have sufficient Cash to enable all required payments necessary to Confirmation to be made.

If the Effective Date does not timely occur, the Debtors reserve all rights to seek an order from the Bankruptcy Court directing that the Confirmation Order be vacated, that the Plan be null and void in all respects, and/or that any settlement of Claims provided for in the Plan be null and void. If the Bankruptcy Court enters an order vacating the Confirmation Order, the time within which the Debtors may assume and assign, or reject all executory contracts and unexpired leases not previously assumed, assumed and assigned, or rejected, shall be extended for a period of 30 days after the date the Confirmation Order is vacated, without prejudice to further extensions.

ARTICLE VIII

PROCEDURES FOR RESOLVING DISPUTED CLAIMS

A. Time Limit for Objections to Claims

Objections to Claims shall be filed by the Debtors with the Court and served upon each Holder of each of the Claims to which objections are made, not later than sixty (60) days subsequent to the Confirmation Date or with such other time period as may be fixed by the

Court.

B. Resolution of Disputed Claims

Unless otherwise ordered by the Court, the Debtors shall litigate to judgment, settle or withdraw objections to Disputed Claims, in its sole discretions, without notice to any party in interest.

Notwithstanding any other provision of the Plan, no Distributions shall be made with respect to all or any portion of a Disputed Claim unless and until all objections to the Disputed Claim have been settled or withdrawn or have been determined by Final Order, and the Disputed Claim, or some portion thereof, has become an Allowed Claim. To the extent that a Claim is not a Disputed Claim but is held by a Holder that is or may be liable to the Debtors on account of a Cause of Action, no Distributions shall be made with respect to all or any portion of such Claim unless and until such Claim and liability have been settled or withdrawn or have been determined by Final Order of the Bankruptcy Court or such other court having jurisdiction over the matter.

C. Distribution after Allowance

Distributions to the Holder of a disputed claim, to the extent that it ultimately becomes an Allowed claim, will be made in accordance with provisions of the Plan that govern distributions to Holders in that Class.

D. Estimation

The Debtors may, at any time, request that the Bankruptcy Court estimate any contingent, unliquidated, or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtors previously objected to such Claim. The Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent, unliquidated, or Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Debtors may pursue supplementary proceedings to object to the allowance of such Claim. All of the aforementioned objection, estimation, and resolution procedures are intended to be cumulative and not exclusive of one another. On and after the

Effective Date, Claims that have been estimated may be compromised, settled, withdrawn, or otherwise resolved subsequently, without further order of the Bankruptcy Court.

ARTICLE IX

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Rejected Contracts and Leases

Except as otherwise provided in the Confirmation Order or the Plan, the Confirmation Order shall constitute an order under Section 365 of the Bankruptcy Code rejecting all pre-petition executory contracts and unexpired leases to which the Debtors is a party, to the extent such contracts or leases are executory contracts or unexpired leases, on and subject to the occurrence of the Effective Date, unless such contract or lease (a) previously shall have been assumed, assumed and assigned, or rejected by the Debtors, (b) previously shall have expired or terminated pursuant to its own terms before the Effective Date, or (c) is the subject of a pending motion to assume or reject on the Confirmation Date.

B. Bar to Rejection Damages

If the rejection of an executory contract or unexpired lease gives rise to a Claim by the other party or parties to the contract or lease, the Claim shall be forever barred and shall not be enforceable against the Post-Confirmation Debtors, unless a Proof of Claim is filed and served on the Post-Confirmation Debtors within 30 days after service of a notice of the Effective Date or such other date as is prescribed by the Bankruptcy Court.

ARTICLE X

DEFAULT

The Debtors shall be deemed in default if it fails to make timely payments to any creditors as provided for in the Plan and the Debtors and each creditor shall abide by the following:

1. Upon written receipt from any creditor of notice of default relating to payments, the Debtors shall have a period of thirty (30) days from receipt of such notice to cure such default, during such 30-day period, the creditors shall take no action to terminate the Debtors' Plan. If such default is cured by the Debtors within the 30-day period, the Plan shall continue in full force and effect. Any notices of default under the Plan shall be served upon the

Debtors and Debtors' attorney.

2. If full payment of the default amount is not paid by the Debtors within thirty (30) days of such demand, the Internal Revenue Service and/or New York State Department of Taxation and Finance may collect any unpaid liabilities through governing administrative collection provisions, and the automatic stay of 11 U.S.C. §363(a) is lifted for this purpose without further order of the court.

3. If Debtors fails to make any post-confirmation deposits, fails to pay any post-confirmation tax liability or fails to file post-confirmation tax returns by the due date of the tax return, then after 5-days written notice of default to Debtors and Debtors' counsel and Debtors' failure to cure, the United States and/or the New York State Department of Taxation and Finance may declare a default of the Plan.

ARTICLE XI

DISCHARGE AND INJUNCTION

A. Discharge of the Debtor

Pursuant to Section 1141(d)(5) of the Bankruptcy Code, upon the Effective Date, the Debtors will be discharged from any claim that arose prior to the petition date whether or not the Holder of the Claim has accepted the Plan, except that the debtors may, by separate motion and after notice and a hearing seek discharge for cause. Pursuant to Section 1141(d)(2) of the Bankruptcy Code, the Debtors will not be discharged from any debt excepted from discharge under section 523 of this title.

B. Release by the Debtor

To the extent permitted by Section 1125(e) of the Bankruptcy Code on the Effective Date, the Debtors and its Estate shall be released unconditionally, and hereby deemed to forever release unconditionally, (i) Debtors' Professionals from any and all claims, obligations, suits, judgments, damages, rights, causes of action and liabilities whatsoever (other than the right to enforce the performance of their respective obligations, if any, to the Debtors under the Plan, and the contracts and other agreements delivered under the Plan), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, directly or derivatively, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or

prior to the Effective Date in any way relating to the Debtors, the Chapter 11 Case, the Plan or the Disclosure Statement provided, however, that notwithstanding the foregoing nothing contained herein is intended to or shall operate as a release of any claims for fraud, willful misconduct or gross negligence.

C. Injunction

Except as otherwise provided in the Plan, the Confirmation Order shall provide, among other things, that from and after the Effective Date all Persons who have held, hold or may hold Claims against the Debtors are permanently enjoined from taking any of the following actions against the Debtors, its Estate, or any of their property on account of any such Claims: (1) commencing or continuing, in any manner or in any place, any action or other proceeding; (2) enforcing, attaching, collecting or recovering in any manner, any judgment, award, decree or order; (3) creating, perfecting or enforcing any lien or encumbrance; (4) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtors unless authorized under the Plan; (5) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan; provided, however, that nothing contained in the Plan shall preclude such Persons from exercising their rights pursuant to and consistent with the terms of the Plan or the Confirmation Order.

D. Limitation of Liability

Except as otherwise provided in the Plan, the Debtors and its Professionals and any of such parties' successors and assigns, shall not have or incur any claim, action, proceeding, Cause of Action, suit, account, controversy, agreement, promise, right to legal remedies, right to equitable remedies, right to payment or Claim (as defined) in Section 101(4) of the Bankruptcy Code), whether known, unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured and whether asserted or assertable directly or derivatively, in law equity or otherwise to one another or to any Holder of a Claim, or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, or any of their successors or assigns, for any act or omission originating or occurring on or after the Petition Date through and including the Effective Date in connection with, relating to, or arising out of the Debtors, the Chapter 11 Case, negotiation and filing of the Plan or any prior

plans, filing Chapter 11 Case, the pursuit of confirmation of the Plan or any prior plans, the consummation of the Plan, the administration of the Plan or the property to be liquidated other than resulting from and/or gross negligence as determined by a Final Order of a court of competent jurisdiction, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. Nothing herein shall abrogate the requirements of any applicable professional disciplinary rules.

E. Terms of Bankruptcy Injunction or Stays

All injunctions or stays provided for in the Chapter 11 Case under Sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date unless otherwise provided in this Plan. Upon the Effective Date, the injunction provided in Article XI(D) shall apply.

ARTICLE XII

RETENTION OF JURISDICTION

The Court shall retain and have exclusive jurisdiction over the Chapter 11 Case for the following purposes:

1. to determine any and all objections to the allowance of claims;
2. to determine any and all pending applications for the rejection or assumption of executor contracts or unexpired leases to which the Debtors is a party or with respect to which it may be liable, and to hear and determine, and if not be to liquidate, any and all Claims arising therefrom;
3. to determine any and all applications, adversary proceedings, and contested or litigated matters, to set aside liens or encumbrances and to recover any preferences, transfers, assets or damages to which the Debtors may be entitled under applicable provisions of the Bankruptcy Code or other federal, state or local law;
4. to consider any modifications of the Plan, any defect or omission or reconcile any inconsistency in any order of the Bankruptcy Code, including the Confirmation Order, to the extent authorized by the Bankruptcy Code or other applicable law;
5. to determine all controversies, suits and disputes that may arise in connection with the interpretation, enforcement or consummation of the Plan, including disputes between or among classes of claimants under the Plan regarding allocations or payments of distribution

hereunder;

6. to consider and act on the compromise and settlement of any claim against or cause of action by or against the Debtors or the Debtors' estate;

7. to determine such other matters which may be set forth in the Confirmation Order or which may arise in connection with the Plan, including, but not limited to, extending and time limits provided in the Plan and to implement the transfer of the fee simple interest in the Premises to Debtors;

8. to fix the allowance of compensation of professionals;

9. Enforce all orders previously entered by the Bankruptcy Court; and

10. Enter a Final Decree closing the Chapter 11 Case.

ARTICLE XIII

GENERAL PROVISIONS

A. Modification and Amendments

The Debtors may alter, amend or modify the Plan or any Exhibits under Section 1127(a) of the Bankruptcy code at any time prior to the Confirmation Date. After the Confirmation Date and prior to substantial consummation of the Plan as defined in Section 1101(2) of the Bankruptcy Code, the Debtors may, under Section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order, and such matters as may be necessary to carry out the purpose and effect of the Plan so long as such proceedings do not adversely affect the treatment of Holders of Claims under the Plan; provided, however, that prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or order of the Bankruptcy Court.

B. Severability

If any provision in this Plan is determined to be invalid, void or unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of this Plan.

C. Binding Effect

The Plan shall be binding upon and inure to the benefit of the Debtor, all present and former Holders of Claims and their respective successors and assigns.

D. Successors and Assigns

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

E. Final Decree

Pursuant to Local Bankruptcy Rule 3022-1, within fifteen (15) days following the substantial administration of the estate, the Debtors or the Reorganized Debtors shall file, on notice to the United States Trustee, an application and a proposed order for a final decree closing this case.

F. Post-Confirmation Report

The Debtors shall be required to file quarterly post-confirmation status reports until the case is closed, converted, or dismissed whichever happens earlier.

G. Notice and Service of Documents

Any notice, request or demand required or permitted to be made or provided to or upon the Debtors under the Plan shall be (a) in writing, (b) served by (i) hand delivery, (ii) overnight delivery service, (iii) first class mail, (iv) email or (v) facsimile transmission, (c) deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed and (d) addressed as follows:

Law Offices of Alla Kachan, P.C.
3099 Coney Island Avenue, 3rd Floor
Brooklyn, NY 11235
Phone: (718) 513-3145
Fax: (347)-342-3156
alla@kachanlaw.com

H. Plan Exhibits

Any and all Plan Exhibits, or other lists or schedules not filed with the Plan shall be filed with the Clerk of the Bankruptcy Court at least three business Days prior to the date of the commencement of the Confirmation Hearing. Upon filing, those documents may be inspected in the office of the Clerk of the Bankruptcy Court during normal court hours. Holders of Claims may obtain a copy of any document upon request to the Debtors.

I. Filing of Additional Documents

On or before substantial consummation of this Plan, the Debtors shall file such

agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

Dated: Brooklyn, New York
October 25, 2016

/s/ Lenny Shtab

Lenny Shtab

/s/ Alla Shilman

Alla Shilman

/s/ Alla Kachan

Alla Kachan, Esq.

Law Offices of Alla Kachan, PC

3099 Coney Island Avenue, 3rd Floor

Brooklyn, NY 11235

Tel.: (718)-513-3145

Fax.: (347)-342-3156

EXHIBIT B

Alla Kachan, Esq.
Law Offices of Alla Kachan, P.C.
3099 Coney Island Avenue, 3rd Floor
Brooklyn, New York 11235
Tel.: (718) 513-3145

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

-----X
In re:

Case No.: 1-16-41274-cec
Chapter 11

Lenny Shtab and Alla Shilman,
Debtors.

-----X

CLASS [] BALLOT FOR ACCEPTING OR REJECTING
PLAN OF REORGANIZATION

Lenny Shtab and Alla Shilman filed the first amended Chapter 11 plan of reorganization dated October 25, 2016 (the "Plan") for the Debtors in this case. The Court has [conditionally] approved a disclosure statement with respect to the Plan (the "Disclosure Statement"). The Disclosure Statement provides information to assist you in deciding how to vote your ballot. If you do not have a Disclosure Statement, you may obtain a copy from:

LAW OFFICE OF ALLA KACHAN, P.C.
3099 CONEY ISLAND AVENUE, THIRD FLOOR
BROOKLYN, NEW YORK 11235
TEL.: (718) 513-3145

Court approval of the disclosure statement does not indicate approval of the Plan by the Court.

You should review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. Your claim has been placed in Class [] under the Plan. If you hold claims or equity interests in more than one class, you will receive a ballot for each class in which you are entitled to vote.

If your ballot is not received by

LAW OFFICE OF ALLA KACHAN, P.C.
3099 CONEY ISLAND AVENUE, THIRD FLOOR
BROOKLYN, NEW YORK 11235
TEL.: (718) 513-3145

On or before _____, and such deadline is not extended, your vote will not count as either an acceptance or rejection of the Plan.

If the Plan is confirmed by the Bankruptcy Court it will be binding on your whether or not you vote.

ACCEPTANCE OR REJECTION OF THE PLAN

The undersigned, the holder of a Class [] claim against the Debtors in the unpaid amount of _____ Dollars (\$_____)

[] **ACCEPTS THE PLAN**

[] **REJECTS THE PLAN**

Dated: _____

Print

or

Type

Name:

Signature: _____

Title (if corporation or partnership): _____

Address: _____

RETURN THIS BALLOT TO:

LAW OFFICE OF ALLA KACHAN, P.C.
3099 CONEY ISLAND AVENUE, THIRD FLOOR
BROOKLYN, NEW YORK 11235
TEL.: (718) 513-3145

EXHIBIT C

UNITED STATES BANKRUPTCY COURT

Eastern DISTRICT OF New York

In re Lenny Shtab & Alla Shilman

Case No. 1-16-41274

Debtor

Reporting Period: 30-Sep-16

Social Security. # 1313
3921

MONTHLY OPERATING REPORT

File with the Court and submit a copy to the United States Trustee within 20 days after the end of the month and submit a copy of the report to any official committee appointed in the case.

(Reports for Rochester and Buffalo Divisions of Western District of New York are due 15 days after the end of the month, as are the reports for Southern District of New York.)

| REQUIRED DOCUMENTS | Form No. | Document Attached | Explanation Attached |
|--|---------------|-------------------|----------------------|
| Schedule of Cash Receipts and Disbursements | MOR-1 (IND) | | |
| | MOR-1 (CON'T) | | |
| Bank Reconciliation (or copies of debtor's bank reconciliations) | MOR-1 (CON'T) | | |
| Copies of bank statements | | | |
| Disbursement Journal | MOR-2 (IND) | | |
| Balance Sheet | MOR-3 (IND) | | |
| Status of Post-petition taxes | MOR-4 (IND) | | |
| Copies of tax returns filed during reporting period | | | |
| Summary of Unpaid Post-petition Debts | MOR-4 (IND) | | |
| Accounts Receivable reconciliation and aging | MOR-5 (IND) | | |
| Status of Secured Notes, Installment Payments | MOR-5 (IND) | | |
| Debtor Questionnaire | MOR-6 (IND) | | |

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor

/s/ Lenny Shtab

Date

10/19/16

Signature of Joint Debtor

/s/ Alla Shilman

Date

10/19/16

In re Lenny Shtab&Aila Shilman
Debtor

Case No. 1-16-41274
Reporting Period: 30-Sep-16

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be from the debtor's books and not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the three bank account columns. Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CON'T)]

| | BANK ACCOUNTS | | |
|--|---------------|-------------|--------------|
| | Bank | | |
| CASH BEGINNING OF MONTH | \$ 2,066.86 | \$ 2,066.86 | |
| RECEIPTS | | | |
| Wages (Net) | \$ 9,663.90 | \$ 9,663.90 | \$ 45,692.78 |
| Interest and Dividend Income | | | |
| Alimony and Child Support | | | |
| Social Security and Pension | | | |
| Sale of Assets | | | |
| Other Income (attach schedule) | | \$0.00 | \$15,711.54 |
| TOTAL RECEIPTS | \$ 9,663.90 | \$ 9,663.90 | \$ 62,404.32 |
| DISBURSEMENTS | | | |
| Mortgage Payments | \$ 2,936.40 | \$ 2,936.40 | \$ 17,212.30 |
| Rental Payments | | | |
| Other Secured Note Payments | | | |
| Utilities | \$ 132.92 | \$ 132.92 | \$ 2,020.72 |
| Insurance | \$ 143.17 | \$ 143.17 | \$ 887.55 |
| Auto expense | \$ 578.04 | \$ 578.04 | \$ 4,137.07 |
| Lease Payments | | | |
| IRA Contributions | | | |
| Repairs and Maintenance | \$ 504.22 | \$ 504.22 | \$ 2,947.29 |
| Medical Expense | \$ 136.28 | \$ 136.28 | \$ 1,764.64 |
| Food Clothing Hygiene | \$ 2,111.66 | \$ 2,111.66 | \$ 17,688.71 |
| Charitable Contribution | | | |
| Taxes-Real Estate | | | |
| Taxes-Personal Property | | | |
| Taxes-Other | | | |
| Travel and Entertainment | | | |
| Gifts | | | |
| Other (Attach Schedule) | \$2,002.00 | \$2,002.00 | \$11,629.85 |
| TOTAL DISBURSEMENTS | \$ 8,544.69 | \$ 8,544.69 | \$ 68,183.16 |
| Professional Fees | | | |
| U.S. Trustee | | \$ - | \$ 975.00 |
| Other Reorganization expenses | | | |
| Total Reorganization Items | \$ - | \$ - | \$ 975.00 |
| Total Disbursements (Ordinary+Reorganization) | \$ 8,544.69 | \$ 8,544.69 | \$ 69,158.16 |
| NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS) | \$1,119.21 | \$1,119.21 | \$3,246.16 |
| CASH - END OF MONTH | \$ 3,186.07 | \$ 3,186.07 | |

In re Lenny Shtab&Alla Shilman
Debtor

Case No. 1-16-41274
Reporting Period: 30-Sep-16

| | |
|-------------------|------------|
| | |
| Business income | |
| | |
| | |
| Telephone expense | \$172.00 |
| Subscriptions | \$50.00 |
| Daycare | \$1,105.00 |
| Transportation | |
| Pest Control | |
| Professional fee | \$675.00 |
| | |
| | |
| | |
| Total | \$2,002.00 |
| | |

THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)

| | | |
|--|----|----------|
| TOTAL DISBURSEMENTS | \$ | 3,544.69 |
| LESS: TRANSFERS TO OTHER DEBTOR IN POSSESSION ACCOUNTS | | |
| PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. | | |
| TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE | \$ | 3,544.69 |

In re Lenny Shtab&Alla Shilman
Debtor

Case No. 1-16-41274
Reporting Period: 30-Sep-16

BANK RECONCILIATIONS

Continuation Sheet for MOR-1

A bank reconciliation must be included for each bank account. The debtor's bank reconciliation may be substituted for this page.

(Bank account numbers may be redacted to last four numbers.)

| | Operating | Tax | Other |
|--|-------------|-----|-------|
| | # | # | # |
| BALANCE PER BOOKS | \$ 3,186.07 | | |
| BANK BALANCE | \$ 3,186.07 | | |
| (+) DEPOSITS IN TRANSIT (ATTACH LIST)-CASH ON HAND | | | |
| (-) OUTSTANDING CHECKS (ATTACH LIST): | | | |
| OTHER (ATTACH EXPLANATION) | | | |
| ADJUSTED BANK BALANCE * | \$ 3,186.07 | | |

*"Adjusted Bank Balance" must equal "Balance per Books"

[illegible]

OTHER

[illegible]

In re Lenny Shtab&Aila ShilmanCase No. 1-16-41274

Debtor

Reporting Period:

30-Sep-16

| | | | |
|--------------------------|--|--|--|
| | | | |
| | | | |
| | | | |
| | | | |
| Total Bank Disbursements | | | |

| | |
|-----------------------------------|--|
| Total Disbursements for the Month | |
|-----------------------------------|--|

In re Lenny Shtab & Alla Shilman
DebtorCase No. 1-16-41274
Reporting Period: 30-Sep-16**BALANCE SHEET**

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from post-petition obligations.

| Primary Residence | \$ 600,000.00 | \$ 600,000.00 |
|-----------------------------------|----------------------|----------------------|
| | | |
| | | |
| | | |
| Property (attach schedule) | \$ 98,000.00 | \$ 98,000.00 |
| TOTAL REAL PROPERTY ASSETS | \$ 698,000.00 | \$ 698,000.00 |
| Cash on Hand | \$ 50.00 | \$ 50.00 |
| Bank Accounts | \$ 3,186.07 | \$ 4,000.00 |
| Security Deposits | | |
| Household Goods & Furniture | \$ 1,700.00 | \$ 1,500.00 |
| Books, Pictures, Art | | |
| Wearing Apparel | \$ 600.00 | \$ 600.00 |
| Furs and Jewelry | \$ 600.00 | \$ 600.00 |
| Insurance Policies | | |
| Retirement and Profit Sharing | \$ 19,500.00 | \$ 19,500.00 |
| Autos Trucks and Vehicles | | |
| Boats and Motors | | |
| TOTAL PERSONAL PROPERTY | \$ 25,636.07 | \$ 26,250.00 |
| TOTAL ASSETS | \$ 723,636.07 | \$ 724,250.00 |

| Federal Income Taxes (not deducted from wages) | | |
|--|----------------------|----------------------|
| FICA/Medicare (not deducted from wages) | | |
| State Taxes (not deducted from wages) | | |
| Real Estate Taxes | | |
| Other Taxes | | |
| TOTAL TAXES | | |
| Professional Fees | \$ 850.00 | |
| Other Post-Petition Liabilities (List creditors) | | |
| TOTAL POST-PETITION LIABILITIES | \$ 850.00 | |
| Secured Debt | \$ 720,802.48 | \$ 720,802.48 |
| Priority Debt | | |
| Unsecured Debt | \$ 236,508.48 | \$ 236,508.48 |
| TOTAL PRE-PETITION LIABILITIES | \$ 957,310.96 | \$ 957,310.96 |
| TOTAL LIABILITIES | \$ 958,160.96 | \$ 957,310.96 |

| | | |
|--|--------------|--------------|
| 2925 West 5th Street 4F Brooklyn, NY 11224 | \$ 98,000.00 | \$ 98,000.00 |
|--|--------------|--------------|

In re Lenny Shtab&Alla Shilman
Debtor

Case No. 1-16-41274
Reporting Period: 30-Sep-16

SUMMARY OF UNPAID POST PETITION DEBTS

| | Number of Days Past Due | | | | | Total |
|---|-------------------------|------|-------|-------|---------|------------------|
| | Current | 0-30 | 31-60 | 61-90 | Over 91 | |
| Mortgage | | | | | | |
| Rent | | | | | | |
| Secured Debt/Adequate Protection Payments | | | | | | |
| Professional Fees | \$ 850.00 | | | | | \$ 850.00 |
| Other Post-Petition debt (list creditors) | | | | | | |
| Employment/Income Tax | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| Total Post-petition Debts | \$850.00 | | | | | \$ 850.00 |

Explain how and when the Debtor intends to pay any past due post-petition debts.

In re Lenny Shlab&Alla Shilman
Debtor

Case No. 1-16-41274
Reporting Period: 30-Sep-16

POST-PETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

| NAME OF CREDITOR | SCHEDULED MONTHLY PAYMENT DUE | AMOUNT PAID DURING MONTH | TOTAL UNPAID POST-PETITION |
|------------------|----------------------------------|-----------------------------|----------------------------|
| N/A | | | |
| | | | |
| | | | |
| TOTAL PAYMENTS | | | |

INSTALLMENT PAYMENTS

| TYPE OF PROPERTY | CARRIER | PERIOD RECOVERED | PAYMENT AMOUNT AND FREQUENCY |
|------------------|---------|------------------|------------------------------|
| N/A | | | |
| | | | |
| | | | |
| | | | |
| | | | |

In re Lenny Shtab & Alla Shilman

Case No. 1-16-41274

Debtor

Reporting Period: 30-Sep-16

PAYMENTS TO INSIDERS AND PROFESSIONALS

| Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary. | | Yes | No |
|---|---|-----|----|
| 1 | Have any funds been disbursed from any account other than a debtor in possession account this reporting period? | | X |
| 2 | Is the Debtor delinquent in the timely filing of any post-petition tax returns? | | X |
| 3 | Are property insurance, automobile insurance or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies? | | X |
| 4 | Is the Debtor delinquent in paying any insurance premium payment? | | X |
| 5 | Have any payments been made on pre-petition liabilities this reporting period? | | X |
| 6 | Are any post petition State or Federal income taxes past due? | | X |
| 7 | Are any post petition real estate taxes past due? | | X |
| 8 | Are any other post petition taxes past due? | | X |
| 9 | Have any pre-petition taxes been paid during this reporting period? | | X |
| 10 | Are any amounts owed to post petition creditors delinquent? | | X |
| 11 | Have any post petition loans been received by the Debtor from any party? | | X |
| 12 | Is the Debtor delinquent in paying any U.S. Trustee fees? | | X |
| 13 | Is the Debtor delinquent with any court ordered payments to attorneys or other professionals? | | X |

EXHIBIT D

PROJECTED PROFIT (LOSS)
FOR THE TWELVE MONTHS ENDED JULY, 2017

| | Aug, 2016 | Sept, 2016 | Oct, 2016 | Nov, 2016 | Dec, 2016 | Jan, 2017 | Feb, 2017 | March, 2017 |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Wages | \$10,600.00 | \$10,600.00 | \$10,600.00 | \$10,600.00 | \$10,600.00 | \$10,600.00 | \$10,812.00 | \$10,812.00 |
| Gross Income: | \$10,600.00 | \$10,600.00 | \$10,600.00 | \$10,600.00 | \$10,600.00 | \$10,812.00 | \$10,812.00 | \$10,812.00 |
| Expenses: | | | | | | | | |
| Auto | \$650.00 | \$650.00 | \$650.00 | \$650.00 | \$650.00 | \$650.00 | \$650.00 | \$650.00 |
| Bank charges | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 |
| Utilities | \$500.00 | \$500.00 | \$500.00 | \$500.00 | \$500.00 | \$500.00 | \$500.00 | \$500.00 |
| Daycare | \$1,800.00 | \$1,800.00 | \$1,800.00 | \$1,800.00 | \$1,800.00 | \$1,800.00 | \$1,800.00 | \$1,800.00 |
| Household | \$3,000.00 | \$3,000.00 | \$3,000.00 | \$3,000.00 | \$3,000.00 | \$3,000.00 | \$3,000.00 | \$3,000.00 |
| Insurance | \$160.00 | \$160.00 | \$160.00 | \$160.00 | \$160.00 | \$160.00 | \$160.00 | \$160.00 |
| Maintenance | \$505.00 | \$505.00 | \$505.00 | \$505.00 | \$505.00 | \$505.00 | \$505.00 | \$505.00 |
| Mortgage | \$2,780.00 | \$2,780.00 | \$2,780.00 | \$2,780.00 | \$2,780.00 | \$2,780.00 | \$2,780.00 | \$2,780.00 |
| Telephone | \$170.00 | \$170.00 | \$170.00 | \$170.00 | \$170.00 | \$170.00 | \$170.00 | \$170.00 |
| Total expenses: | \$9,585.00 | \$9,585.00 | \$9,585.00 | \$9,585.00 | \$9,585.00 | \$9,585.00 | \$9,585.00 | \$9,585.00 |
| Net income | \$1,015.00 | \$1,015.00 | \$1,015.00 | \$1,015.00 | \$1,015.00 | \$1,227.00 | \$1,227.00 | \$1,227.00 |

[illegible]

| Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| \$11,250.00 | \$11,250.00 | \$11,250.00 | \$11,250.00 | \$11,250.00 | \$11,475.00 | \$11,475.00 | \$11,475.00 | \$11,475.00 | \$11,475.00 |
| \$11,250.00 | \$11,250.00 | \$11,250.00 | \$11,250.00 | \$11,250.00 | \$11,475.00 | \$11,475.00 | \$11,475.00 | \$11,475.00 | \$11,475.00 |
| \$650.00 | \$650.00 | \$650.00 | \$650.00 | \$650.00 | \$650.00 | \$650.00 | \$650.00 | \$650.00 | \$650.00 |
| \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 |
| \$500.00 | \$500.00 | \$500.00 | \$500.00 | \$500.00 | \$500.00 | \$500.00 | \$500.00 | \$500.00 | \$500.00 |
| \$1,800.00 | \$1,800.00 | \$1,800.00 | \$1,800.00 | \$1,800.00 | \$1,800.00 | \$1,800.00 | \$1,800.00 | \$1,800.00 | \$1,800.00 |
| \$3,000.00 | \$3,000.00 | \$3,000.00 | \$3,000.00 | \$3,000.00 | \$3,000.00 | \$3,000.00 | \$3,000.00 | \$3,000.00 | \$3,000.00 |
| \$160.00 | \$160.00 | \$160.00 | \$160.00 | \$160.00 | \$160.00 | \$160.00 | \$160.00 | \$160.00 | \$160.00 |
| \$505.00 | \$505.00 | \$505.00 | \$505.00 | \$505.00 | \$505.00 | \$505.00 | \$505.00 | \$505.00 | \$505.00 |
| \$2,780.00 | \$2,780.00 | \$2,780.00 | \$2,780.00 | \$2,780.00 | \$2,780.00 | \$2,780.00 | \$2,780.00 | \$2,780.00 | \$2,780.00 |
| \$170.00 | \$170.00 | \$170.00 | \$170.00 | \$170.00 | \$170.00 | \$170.00 | \$170.00 | \$170.00 | \$170.00 |
| \$9,585.00 | \$9,585.00 | \$9,585.00 | \$9,585.00 | \$9,585.00 | \$9,585.00 | \$9,585.00 | \$9,585.00 | \$9,585.00 | \$9,585.00 |
| \$1,665.00 | \$1,665.00 | \$1,665.00 | \$1,665.00 | \$1,665.00 | \$1,890.00 | \$1,890.00 | \$1,890.00 | \$1,890.00 | \$1,890.00 |

| Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| \$11,475.00 | \$11,475.00 | \$11,475.00 | \$11,475.00 | \$11,475.00 | \$11,475.00 | \$11,475.00 | \$11,705.00 | \$11,705.00 | \$11,705.00 |
| \$11,475.00 | \$11,475.00 | \$11,475.00 | \$11,475.00 | \$11,475.00 | \$11,475.00 | \$11,475.00 | \$11,705.00 | \$11,705.00 | \$11,705.00 |
| \$650.00 | \$650.00 | \$650.00 | \$650.00 | \$650.00 | \$650.00 | \$650.00 | \$650.00 | \$650.00 | \$650.00 |
| \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 |
| \$500.00 | \$500.00 | \$500.00 | \$500.00 | \$500.00 | \$500.00 | \$500.00 | \$500.00 | \$500.00 | \$500.00 |
| \$1,800.00 | \$1,800.00 | \$1,800.00 | \$1,800.00 | \$1,800.00 | \$1,800.00 | \$1,800.00 | \$1,800.00 | \$1,800.00 | \$1,800.00 |
| \$3,000.00 | \$3,000.00 | \$3,000.00 | \$3,000.00 | \$3,000.00 | \$3,000.00 | \$3,000.00 | \$3,000.00 | \$3,000.00 | \$3,000.00 |
| \$160.00 | \$160.00 | \$160.00 | \$160.00 | \$160.00 | \$160.00 | \$160.00 | \$160.00 | \$160.00 | \$160.00 |
| \$505.00 | \$505.00 | \$505.00 | \$505.00 | \$505.00 | \$505.00 | \$505.00 | \$505.00 | \$505.00 | \$505.00 |
| \$2,780.00 | \$2,780.00 | \$2,780.00 | \$2,780.00 | \$2,780.00 | \$2,780.00 | \$2,780.00 | \$2,780.00 | \$2,780.00 | \$2,780.00 |
| \$170.00 | \$170.00 | \$170.00 | \$170.00 | \$170.00 | \$170.00 | \$170.00 | \$170.00 | \$170.00 | \$170.00 |

| | | | | | | | | | |
|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| \$9,585.00 | \$9,585.00 | \$9,585.00 | \$9,585.00 | \$9,585.00 | \$9,585.00 | \$9,585.00 | \$9,585.00 | \$9,585.00 | \$9,585.00 |
| \$1,890.00 | \$1,890.00 | \$1,890.00 | \$1,890.00 | \$1,890.00 | \$1,890.00 | \$1,890.00 | \$2,120.00 | \$2,120.00 | \$2,120.00 |

| Apr-21 | May-21 | Jun-21 | Jul-21 | Aug-21 |
|-------------|-------------|-------------|-------------|-------------|
| \$11,705.00 | \$11,705.00 | \$11,705.00 | \$11,705.00 | \$11,705.00 |
| \$11,705.00 | \$11,705.00 | \$11,705.00 | \$11,705.00 | \$11,705.00 |
| \$650.00 | \$650.00 | \$650.00 | \$650.00 | \$650.00 |
| \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 |
| \$500.00 | \$500.00 | \$500.00 | \$500.00 | \$500.00 |
| \$1,800.00 | \$1,800.00 | \$1,800.00 | \$1,800.00 | \$1,800.00 |
| \$3,000.00 | \$3,000.00 | \$3,000.00 | \$3,000.00 | \$3,000.00 |
| \$160.00 | \$160.00 | \$160.00 | \$160.00 | \$160.00 |
| \$505.00 | \$505.00 | \$505.00 | \$505.00 | \$505.00 |
| \$2,780.00 | \$2,780.00 | \$2,780.00 | \$2,780.00 | \$2,780.00 |
| \$170.00 | \$170.00 | \$170.00 | \$170.00 | \$170.00 |
| \$9,585.00 | \$9,585.00 | \$9,585.00 | \$9,585.00 | \$9,585.00 |
| \$2,120.00 | \$2,120.00 | \$2,120.00 | \$2,120.00 | \$2,120.00 |

EXHIBIT E

Lenny Shtab and Alla Shilman Liquidation Analysis October 17, 2016

| ASSET: | | | |
|---|---------------|----|---------------------|
| Cash on Hand | | | \$50.00 |
| Residential Property 35 Brighton 2 Place, Apt 1A, Brooklyn, NY - market value | \$600,000.00 | | |
| First Mortgage | \$483,184.00 | | |
| Residence - exempted | \$116,816.00 | | \$0.00 |
| Second Property 2925 West 5th Street, 4F, Brooklyn, NY 11224 | \$281,000.00 | | |
| | 40% ownership | | \$112,400.00 |
| Balance on personal bank account | | | \$2,540.00 |
| 100% ownership in Fashion and U Inc. | \$20,000.00 | * | \$10,000.00 |
| TOTAL ASSET IN CHAPTER 7 LIQUIDATION | | | \$124,990.00 |
| LIQUIDATION PRIORITY PAYMENTS: | | | |
| Cost of sale for real property | | | \$10,000.00 |
| Chapter 7 Trustee fees | | | \$10,000.00 |
| Trustee's Counsel | | | \$8,000.00 |
| Litigation attorney's fee | | ** | \$50,000.00 |
| Cost of sale of business | | | \$3,000.00 |
| TOTAL PRIORITY PAYMENTS: | | | \$81,000.00 |
| NET PROCEEDS AVAILABLE TO CREDITORS: | | | |
| | | | \$43,990.00 |

* - 50% deduction (The sole value of the business lies in the wholesale value of purchased inventory, the payments for some of which are still outstanding. There is no value to the business name, likeness, phone

** - LITIGATION COSTS ASSOCIATED WITH LITIGATING TO SEPARATE THE INTEREST OF THE JOINT OWNERS OF THE APARTMENT

BY A JOINT TENANCY WITH THE RIGHT OF SURVIVORSHIP