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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

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In re

Chapter 11

PRIMA PASTA & CAFE, INC.,

Case No. 17-40760-ESS

Debtor.

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DEBTOR’S DISCLOSURE STATEMENT DATED FEBRUARY 28, 2018

I. INTRODUCTION

This is the disclosure statement (“Disclosure Statement”) in the Chapter 11 case of Prima Pasta & Cafe, Inc. (the “Debtor”). This Disclosure Statement contains information about the Debtor and describes the Plan of Reorganization (the “Plan”) filed by the Debtor on March 2, 2018. A full copy of the Plan is attached to this Disclosure Statement as Exhibit A.

THE DEBTOR IN THIS CASE IS A SMALL BUSINESS. AS A RESULT, THE DEBTOR MAY DISTRIBUTE THIS DISCLOSURE STATEMENT BEFORE ITS FINAL APPROVAL BY THE COURT. IF AN OBJECTION TO THIS DISCLOSURE STATEMENT IS FILED BY A PARTY IN INTEREST, FINAL APPROVAL OF THIS DISCLOSURE STATEMENT WILL BE CONSIDERED AT OR BEFORE THE HEARING ON CONFIRMATION OF THE PLAN.

Your rights may be affected by the Plan and Disclosure Statement. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.

The proposed distributions under the Plan are discussed at pages 6-10 of this Disclosure Statement. Priority Tax Claims and the Claims of General unsecured creditors are classified in Classes 1 and 2. The Priority Tax Claims will be paid in full within 6 months of the Effective Date of the Plan. Class 2 Claims will receive payments of no less than 30% of the total claim amount.

A. Purpose of This Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case;
- How the Plan proposes to treat claims of the type you hold (i.e., what you will receive on your claim or equity interest if the plan is confirmed);
- Who can vote on or object to the Plan;
- What factors the Bankruptcy Court (the “Court”) will consider when deciding whether to confirm the Plan;
- Why the Debtor believes the Plan is feasible, and how the treatment of your claim under the Plan compares to what you would receive on your claim or equity interest in a liquidation of the Debtor’s assets; and
- The effect of confirmation of the Plan on your claim.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet approved – referred to as “confirmed”– the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. *Time and Place of the Hearing to Approve This Disclosure Statement and Confirm the Plan*

The hearing at which the Court will determine whether to finally approve this Disclosure Statement and confirm the Plan will take place on or after April 5, 2018, at the U.S. Bankruptcy Court, 271 Cadman Plaza East, Brooklyn, New York 11201.

2. *Deadline For Voting to Accept or Reject the Plan*

If you are entitled to vote to accept or reject the plan, you will be permitted to vote on the plan by completing the enclosed ballot and returning the ballot in the enclosed envelope to ORTIZ & ORTIZ, L.L.P., 32-72 Steinway Street, Ste. 402, Astoria, New York 11103. See Section IV(A) below for a discussion of voting eligibility requirements.

Your ballot must be received by _____, or it will not be counted.

3. *Deadline For Objecting to the Adequacy of Disclosure and Confirmation of the Plan*

Objections to the adequacy of the information contained in this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon Ortiz & Ortiz, L.L.P., 32-72 Steinway Street, Ste. 402, Astoria, New York 11103, the Office of the U.S. Trustee, 201 Varick Street, Suite 1006, New York, New York 10014, and the Chambers of Judge Elizabeth S. Stong, 271 Cadman Plaza East, Brooklyn, New York 11201, no later than _____.

4. *Identity of Person to Contact for More Information*

If you want additional information about the Plan, you should contact Norma E. Ortiz, at the address and telephone number below.

C. Disclaimer

The Court has not yet approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation. If the Court approves the adequacy of the information contained in the Disclosure Statement, such approval does not constitute an endorsement of the Plan by the Court, or a recommendation that you accept its terms.

II. BACKGROUND

A. Description and History of the Debtor and Events Leading to Chapter 11 Filing

The Debtor filed a chapter 11 petition on February 21, 2017. The Debtor has remained in possession pursuant to 11 U.S.C. § 1107 since that time. No unsecured creditors' committee has been appointed in this case.

The Debtor's primary asset is its interest in its commercial lease for real property known as 161-50 Cross Bay Boulevard, Howard Beach, New York, entered into with Peter Bresso, Linda Vendome, and Bresso Realty LLC, d.b.a. PLG Property (the "Lease"). The Lease expires on May 31, 2021, and contains an option for 5-year extension until May 31, 2026. The other assets of the Debtor are the contents of the restaurants it operates.

Several adverse judgments were rendered against the Debtor and it was unable to pay them all in full. The Debtor filed its Chapter 11 case to stop the seizure of its assets due to the collection efforts of one creditors and to attempt to reorganize its affairs.

During the pendency of the case the Debtor has improved its financial conditions and has demonstrated positive cash flow. The Debtor filed monthly operating reports with the court and sought additional time to assume the Lease and file its Plan and Disclosure statement.

The Debtor's bankruptcy case has been relatively uneventful. No adverse motions have been filed. The Debtor has regularly appeared before the court and reported on its progress.

B. Debtor's Officer Compensation

The Debtor pays its Officer, Antoinette Modica receives a salary of _____
_____.

C. Significant Events During the Bankruptcy Case

There were no significant events that occurred after the case was filed other than the issues discussed above.

D. Projected Recovery of Avoidable Transfers

The Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions. It does not believe there are any such claims.

E. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

The Debtor does not intend to object to any claims at this time.

F. Current and Historical Financial Conditions

The Debtor was unable to meet all its financial obligations after the entry of several adverse judgments against it including a personal injury action that was not defended by it

insurance carrier. The Debtor also had negative cashflow for many years prior to the bankruptcy filing. However, since the filing of this case, the Debtor has improved its economic circumstances and is operating at a net profit.

III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. What is the Purpose of the Plan of Reorganization?

As required by the Bankruptcy Code, the Plan places claims in various classes and describes the treatment each class will receive. In the Plan, the treatment of claims shall be payment of those claims. The Plan also states whether each class of claims is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Bankruptcy Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with the Bankruptcy Code. As such, the Debtor has not placed the following claims in any class:

- 1. Administrative Expenses** Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

The Debtor shall pay all statutory fees due and payable under 28 U.S.C. § 1930(a)(6), plus accrued interest under 31 U.S.C. § 3717, on all disbursements, including plan payments and

disbursements inside and outside of the ordinary course of business until the entry of a final decree, dismissal or conversion of the case to chapter 7. The Debtor shall also file quarterly post-confirmation reports and the schedule post-confirmation status conferences on a quarterly basis until entry of a final decree, dismissal of the case or conversion of the case to chapter 7.

The following chart lists the Debtor's estimated administrative expenses and their proposed treatment under the Plan:

- a. *Type:* Professional Fees, Subject to Approval by the Court
Estimated Amount Owed: \$30,000 for legal fees for Ortiz & Ortiz, L.L.P., as Debtor's counsel, above the amount paid as a retainer and for accounting fees for Ambrosio & Bellotti, CPAs, P.C..
Proposed Treatment: Paid according to separate written agreement with the Debtor, and according to court order.
- b. *Type:* Expenses Arising in the Ordinary Course of Business After the Petition Date
Estimated Amount Owed: None, other than monthly carrying costs such as water and utility bills that are paid in the ordinary course of business.
Proposed Treatment: Paid in full on the effective date of the Plan, or according to terms of the obligation.
- c. *Type:* Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date
Estimated Amount Owed: None
- d. *Type:* Clerk's Office Fees

Estimated Amount Owed: None

e. *Type:* U.S. Trustee's Quarterly Fees

Estimated Amount Owed: None

Proposed Treatment: Paid in full on the effective date of the Plan

TOTAL DUE ON THE EFFECTIVE DATE: \$30,000, unless agreed otherwise

TOTAL DUE AFTER THE EFFECTIVE DATE: None, unless agreed otherwise

C. Classes of Claims

The following are the classes set forth in the Plan and the proposed treatment that they will receive under the Plan:

I. Class of Priority Tax Claims

Priority tax claims are unsecured income, employment, and other taxes described by Bankruptcy Code § 507(a)(8). Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief.

The following lists the Debtor's estimated § 507(a)(8) priority tax claims and their proposed treatment under the Plan:

Class 1: Priority Tax Claims

Description: Taxes owed to the IRS, New York State, and New York City

Estimated Amount Owed: \$23,411.84 (Approximately)

Impairment: No

Treatment: Payment in full, with interest, in monthly payments

II. Class of General Unsecured Claims

General unsecured claims are not secured by property of the estate and are not entitled to

priority under Bankruptcy Code § 507(a). The Debtor believes there are 6 claims in this class.

The following chart identifies the Plan's proposed treatment of Class 2 Claims:

Class 3: General Unsecured Claims

Description: All general unsecured claims

Treatment: Paid no less than 30% of claims

Impaired? Yes

Treatment: Paid monthly after Administrative and Priority Claims are paid in full.

Monthly Pmt: \$2,000

Estimated percent of claims paid: 31 %

D. Means of Implementing the Plan

1. Source of Plan Payments

Payments and distributions under the Plan will be funded by the following: Debtor's net income from its operation of its restaurant.

2. Post-confirmation Management

The Debtor's current management will continue post-confirmation. Antoinette Modica will remain as the Debtor's president and will manage the Debtor's affairs.

E. Risk Factors

The proposed Plan has the following risks: The Debtor's income is dependent upon his ability to earn a profit from its operation of a restaurant. The Debtor has maintained a positive cash flow during the pendency of its bankruptcy case and continued operations of the business will provide the greatest recovery to its creditors.

F. Executory Contracts and Unexpired Leases

The Plan lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any. The Plan also lists how the Debtor will cure and compensate the other party to such contract or lease for any such defaults.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

All executory contracts and unexpired leases that are not listed in the Plan will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

There are no executory contracts or unexpired leases listed in the Plan.

G. Tax Consequences of Plan

Creditors concerned with how the plan may affect their tax liability should consult with their own accountants, attorneys, and/or advisors.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

The court can not approve – or confirm – the Plan unless it meets the requirements listed in Bankruptcy Code § 1129. These include the requirements that the Plan must be proposed in good faith; at least one impaired class of claims must accept the Plan, without counting votes of

insiders; the Plan must distribute to each creditor holder at least as much as the creditor would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

A. Who May Vote or Object to the Plan

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Debtor believes that Class 2 is impaired and that the holders of the claim in that class are therefore entitled to vote to accept or reject the Plan. Since Classes 1 will be paid in full, it is unimpaired and deemed to have accepted the Plan. As a result only Class 2 is entitled to vote on the Plan.

1. What Is an Allowed Claim?

Only a creditor with an allowed claim has the right to vote on the Plan. Generally, a claim is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim is not allowed, the creditor holding the claim cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy

Procedure.

The deadline for filing a proof of claim in this case was August 21, 2017.

2. What Is an Impaired Claim?

As noted above, the holder of an allowed claim has the right to vote only if it is in a class that is impaired under the Plan. As provided in § 1124 of the Bankruptcy Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

3. Who is Not Entitled to Vote?

The holders of the following five types of claims are **not** entitled to vote to accept or reject the Plan:

- holders of claims that have been disallowed by an order of the Court;
- holders of other claims that are not "allowed claims" or (as discussed above), unless they have been "allowed" for voting purposes;
- holders of claims in unimpaired classes;
- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code;
- holders of claims in classes that do not receive or retain any value under the Plan; and
- holders of administrative expenses.

However, even if you are not entitled to vote on the plan, you have a right to object to the confirmation of the plan and to the adequacy of the disclosure statement.

4. Who Can Vote in More Than One Class?

A creditor whose claim has been allowed in part as a secured claim and in part as an

unsecured claim, or who otherwise holds claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by cram down on non-accepting classes, as discussed later in Section B.2.

1. Votes Necessary for a Class to Accept the Plan

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

2. Treatment of Non-Accepting Classes

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds non-accepting classes is commonly referred to as a cram down plan. The Code allows the Plan to bind non-accepting classes of claims if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not discriminate unfairly, and is fair and equitable toward each impaired class that has not voted to accept the Plan.

You should consult your own attorney if a cram down confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

C. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim would receive in a Chapter 7 bankruptcy liquidation. The Plan provides creditors with full payment of their claims. Therefore, the Plan provides more than creditors would receive if the Debtor's case was filed under Chapter 7 of the Bankruptcy Code.

D. Feasibility

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan. The Debtor believes that the Plan is feasible. The Debtor has provided to operating reports for nearly 12 months showing its ability to pay all its current obligations while accumulating funds. As a result, the Debtor's performance during the pendency of the case supports its assertion that it will be able to make its proposed plan payments.

V. EFFECT OF CONFIRMATION OF PLAN

A. Discharge of Debtor

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, or as otherwise provided in §1141(d)(5) of the Code. The Debtor will not be discharged from any debt excepted from discharge under § 523 of the Code, except as provided in Rule 4007(c) of the Federal Rules of Bankruptcy Procedure.

B. Modification of Plan

The Debtor may modify the Plan at any time before confirmation of the Plan. However, the

Court may require a new disclosure statement and/or a new Plan and re-solicitation of votes on the Plan. Upon request of the Debtor, the United States Trustee, or the holder of an allowed unsecured claim, the Plan may be modified at any time after confirmation of the Plan but before the completion of payments under the Plan, to (1) increase or reduce the amount of payments under the Plan on claims of a particular class, (2) extend or reduce the time period for such payments, or (3) alter the amount of distribution to a creditor whose claim is provided for by the Plan to the extent necessary to take account of any payment of the claim made other than under the Plan.

C. Final Decree

Once the bankruptcy estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Debtor, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

Dated: March 2, 2018
Astoria, New York

/s/Norma E. Ortiz
Norma E. Ortiz
Ortiz & Ortiz, L.L.P.
32-72 Steinway Street, Ste. 402
Astoria, New York 11103
Tel. (718) 522-1117
Attorneys for the Debtor

/s/Antoinette Modica
Antoinette Modica, President

EXHIBIT A

ORTIZ & ORTIZ, L.L.P.
32-72 Steinway Street
Astoria, New York 11103
Norma E. Ortiz
Martha J. de Jesus
Tel. (718) 522-1117
Fax (718) 596-1302
email@ortizandortiz.com
Attorneys for the Debtor

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

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In re

Chapter 11

PRIMA PASTA & CAFE, INC.,

Case No. 17-40760-ESS

Debtor.

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PLAN OF REORGANIZATION

SUMMARY

This Plan of Reorganization (the “Plan”) under Chapter 11 of the Bankruptcy Code (the “Code”) proposes to pay creditors of PRIMA PASTA & CAFE, INC. (the “Debtor”) from its future income from the operation of its restaurant. The Plan provides for one class of priority claims; one class of unsecured claims; and one class of equity security holders. All priority creditors shall receive full payment of their allowed claims and unsecured creditors will receive payment of at least 30% of their claims. This Plan also provides for the payment of administrative claims in full on the effective date of this plan, unless otherwise agreed to by the administrative claimants.

All creditors should refer to **Articles III through VI** of this Plan for information regarding the precise treatment of their claim. A disclosure statement that provides more detailed information regarding this Plan and the rights of creditors and equity security holders shall be circulated with this Plan. **Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)**

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

1.00 Definition of Terms.

1.01 Administrative Claim: means a Claim for any cost or expense of administration in connection with this Bankruptcy Case of a kind specified in Sections 502(f) and 503(b) of the Bankruptcy Code and referred to in Sections 507(a)(2) and 1114 of the Bankruptcy Code, including, without limitation, any actual and necessary cost and expense of preserving the Estate of the Debtor incurred after the Filing Date and up to Confirmation; any indebtedness or obligation incurred or assumed by the Debtor in connection with the ordinary conduct of its business; allowances of compensation for legal or other professional services and reimbursement of costs and expenses under Section 330(a) or 331 of the Bankruptcy Code or otherwise allowed by the Court; all costs of making distributions and providing notices and ballots with respect to the Plan; and all fees and charges assessed against the Estate under Chapter 123, Title 28, United States Code.

1.02 Administrative Creditor: means a person or entity holding an Allowed Administrative Claim.

1.03 Allowed: when used in conjunction with the Claims or Class of Claims defined in this Plan, means a Claim or portion of a Claim: (i) which is scheduled by the Debtor pursuant to Sections 521(1) of the Bankruptcy Code, other than a Claim which is scheduled by the Debtor as disputed, contingent or unliquidated; or (ii) for which proof has been filed, pursuant to Section 501(a) of the Bankruptcy Code; or (iii) any Claim allowed pursuant to this Plan and, in each such case in (i) and (ii) above, as to which either (a) no objection to the allowance thereof has been interposed within the applicable period of time fixed by this Plan, the Bankruptcy Code, the Bankruptcy Rules or the Court or (b) such an objection is so interposed and the Claim shall have been allowed by a Final Order and to the extent so allowed by the Court. Notwithstanding the foregoing, Claims shall be Allowed to the extent that this Plan provides that they are deemed Allowed.

1.04 Bankruptcy Case: means this Chapter 11 reorganization case, filed under Case No. 17-40760, and commenced by the filing of the Debtor's voluntary chapter 11 petition with the Clerk of the Court on February 21, 2017.

- 1.05 Bankruptcy Code or Code: means Title 11 of the United States Code, 11 U.S.C. Sections 101, et seq., as amended.
- 1.06 Bankruptcy Court or Court: means the United States Bankruptcy Court for the Eastern District of New York, or any other court having jurisdiction over the Bankruptcy Case.
- 1.07 Bankruptcy Rules: means the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules of the Bankruptcy Court, together with all amendments and modifications from time to time made thereto as prescribed under 28 U.S.C. Section 2075.
- 1.08 Bar Date: means August 21, 2017, the deadline set by the Court the filing of all proofs of claim against the Debtor.
- 1.09 Business Day: means any day other than a Saturday, Sunday or a “legal holiday,” and as that term is defined in Bankruptcy Rule 9006.
- 1.10 Cash: means cash and cash equivalents, including but not limited to, bank deposits, checks and other similar item.
- 1.11 Causes of Action: means, if any, all of the Estates legal and equitable interest in any claim, as that term is defined in Bankruptcy Code 101(5), against any individual or entity.
- 1.12 Chapter 11: means Chapter 11 of the Bankruptcy Code.
- 1.13 Claim: Any right to a payment from the Debtor, whether or not such right is reduced to judgment, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, legal or equitable in nature, or secured or unsecured; and a right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.
- 1.14 Claimant: means the holder of a Claim.
- 1.15 Class: means a category of holders of Claims as provided for in Article II of this Plan.
- 1.16 Confirmation: means the entry of an order by the Court confirming this Plan in accordance with Chapter 11.

- 1.17 Confirmation Date: means the date upon which the Court enters an order confirming this Plan in accordance with Chapter 11.
- 1.18 Confirmation Order: means the order entered by the Court confirming this Plan in accordance with Chapter 11.
- 1.19 Debtor: means Prima Pasta & Cafe, Inc., as debtor-in-possession.
- 1.20 Debtor's Professionals: means the following professional firms: Ortiz & Ortiz, L.L.P., Debtor's counsel, and Ambrosio & Bellotti, CPAs, P.C., as Debtor's accountants.
- 1.21 DIP Account: means the bank account established by the Debtor as its Debtor-in-Possession bank account in this Bankruptcy Case.
- 1.22 Disallowed Claims: means any Claim or portion thereof that has been disallowed by the Court by a Final Order.
- 1.23 Disbursing Account: means the bank account that will be established after the Confirmation Date to disburse the payments provided for in the Plan.
- 1.24 Disbursing Agent: means the Reorganized Debtor or its designated agent, who shall maintain the Disbursing Account.
- 1.25 Disclosure Statement: means the disclosure statement, as may be amended or modified, that (I) relates to this Plan and (ii) as approved by the Bankruptcy Court under Section 1125 of the Bankruptcy Code, to the extent necessary.
- 1.26 Disputed Claims: means (I) a Claim which is scheduled by the Debtor as disputed, contingent or unliquidated, or (ii) any Claim that is not Allowed, or (iii) any Administrative Claim filed by or asserted by a Professional or any other Administrative Creditor to which the Debtor files an objection with the Court, or (iv) any Claim which has been filed pursuant to Section 501(a) of the Bankruptcy Code and as to which an objection to the allowance thereof has been or will be interposed within the time limitation fixed by the Bankruptcy Code, by an order of the Court, or by this Plan, which objection has not been determined, in whole or in part, by a Final Order.
- 1.27 Effective Date: means the date selected by the Debtor after Confirmation Date on which no stay of the Confirmation Order is in effect and all conditions specified in the Plan have been satisfied or waived by the Debtor.
- 1.28 Estate: means the estate created in this Bankruptcy Case pursuant to Section 541

of the Bankruptcy Code.

- 1.29 Executory Contracts: means executory contracts and unexpired leases as described in Section 365 of the Bankruptcy Code.
- 1.30 Filing Date: means February 21, 2017, the date the Debtor filed its voluntary bankruptcy petition with the Clerk of the Court.
- 1.31 Final Order: means an order, ruling, or judgment that is in full force and effect, is not stayed, and is no longer subject to review, reversal, modification, amendment, appeal, or writ of certiorari.
- 1.32 General Unsecured Claim: means any Claim other than a Priority Claim, a Priority Tax Claim, or an Administrative Claim.
- 1.33 Impaired: means any Claim that is impaired within the meaning of Section 1124 of the Bankruptcy Code.
- 1.34 Lease: means the commercial lease between the Debtor and Peter Bresso, Linda Vendome, and Bresso Realty LLC, d.b.a. PLG Property, for the property located at 161-50 Cross Bay Boulevard, Howard Beach, New York, with an expiration date of May 31, 2021, containing an option for 5-year extension until May 31, 2026.
- 1.35 Lien: shall have the meaning ascribed to such term in Bankruptcy Code Section 101(37).
- 1.36 Plan: means this Chapter 11 Plan of Reorganization or as may be further amended or modified.
- 1.37 Priority Tax Claim: means any Claim entitled to priority under Section 507(a)(8) of the Bankruptcy Code.
- 1.38 Professional or Professionals: means any professional person or entity as defined by Section 327(a) of the Bankruptcy Code.
- 1.39 Property: means the Debtor's interest in the Lease, and its personal property more fully described in the Debtor's Schedules.
- 1.40 Record Date: means the last date fixed pursuant to a Final Order of the Bankruptcy Court for the purpose of voting with respect to this Plan.
- 1.41 Reorganized Debtor: means the Debtor immediately following the date upon

which the Confirmation Order becomes a Final Order.

- 1.42 Schedules: means the schedules of assets and liabilities filed in the Bankruptcy Court in the Bankruptcy Case, as have been and may be further amended.
- 1.43 Unclaimed Property: means any Cash that is unclaimed within sixty days after such Cash is distributed, and shall include: (I) checks, and the funds represented thereby, that have been returned as undeliverable; (ii) funds for checks that have not been paid or negotiated; and (iii) checks, and the funds represented thereby, that were not mailed or delivered because of the absence of a proper address to which to mail or deliver same.
- 1.44 Unsecured Tax Claim: means any tax Claim that is a general unsecured Claim.

ARTICLE II

CLASSIFICATION OF CLAIMS AND INTERESTS

- 2.01 Class 1. All priority tax claims to the extent allowed under § 507 of the Code.
- 2.02 Class 2. All unsecured claims allowed under § 502 of the Code.
- 2.03 Class 3. The equity interests of Antoinette Modica, the Debtor's sole shareholder.

ARTICLE III

TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS, U.S. TRUSTEES FEES, AND PRIORITY TAX CLAIMS

- 3.01 Unclassified Claims. Under section §1123(a)(1), administrative expense claims are not classified.
- 3.02 Administrative Expense Claims. Each holder of an administrative expense claim allowed under § 503 of the Code, will be paid in full on the effective date of this Plan (as defined in Article VII), in cash, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor.
- 3.03 United States Trustee Quarterly Fees. All fees required to be paid by 28 U.S.C. §1930(a)(6) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Any quarterly fees owed on or before the effective date of this Plan will be paid on the effective date.

ARTICLE IV
TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

4.01 Claims and interests shall be treated as follows under this Plan:

Class	Impairment	Treatment
Class 1 - Priority Tax Claims	Unimpaired	All priority tax claims shall be paid in full as follows: The Debtor shall commence making monthly payments to all allowed priority tax claimants commencing 90 days from the Effective Date.
Class 2 – General Unsecured Creditors	Impaired	Unsecured creditors shall receive no less than Thirty Percent (30%) of their allowed claims. Such payments shall be made monthly commencing 18 months from the Effective Date of the Plan after the Debtor completes its plan payments to administrative and Class 1 creditors.
Class 3 - Equity Interest Holder	Unimpaired	Antoinette Modica will retain her shareholder interests in the reorganized debtor.

ARTICLE V
ALLOWANCE AND DISALLOWANCE OF CLAIMS

5.01 Disputed Claim. A disputed claim is a claim that has not been allowed or disallowed [by a final non-appealable order], and as to which either: (i) a proof of claim has been filed or deemed filed, and the Debtor or another party in interest have filed an objection; or (ii) no proof of claim has been filed, and the Debtor has scheduled such claim as disputed, contingent, or unliquidated.

5.02 Delay of Distribution on a Disputed Claim. No distribution will be made on account of a disputed claim unless such claim is allowed by a final non-appealable order. The amount of any Disputed Claim which would otherwise be entitled to a distribution were the Claim Allowed, will be reserved from any distribution thereon. Upon a Disputed Claim becoming an Allowed Claim by a Final Order, any distributed amount then due to be made in respect of such Claim shall be issued to the holders of the Allowed Claim within thirty (30) days.

5.03 Settlement of Disputed Claims. The Debtor will have the power and authority to settle and compromise a disputed claim with court approval and compliance with Rule 9019 of the Federal Rules of Bankruptcy Procedure.

ARTICLE VI
PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.01 Assumed Executory Contracts and Unexpired Leases.

(a) The Debtor assumes the following executory contracts and/or unexpired leases effective upon the Effective date of this Plan as provided in Article VII:

Commercial Lease between the Debtor and Peter Bresso, Linda Vendome, and Bresso Realty LLC, d.b.a. PLG Property, for the property located at 161-50 Cross Bay Boulevard, Howard Beach, New York, with an expiration date of May 31, 2021, containing an option for 5-year extension until May 31, 2026.

(b) The Debtor will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not expressly assumed under section 6.01(a) above, or before the date of the order confirming this Plan, upon the Effective date of this Plan. A proof of a claim arising from the rejection of an executory contract or unexpired lease under this section must be filed no later than thirty (30) days after the date of the order confirming this Plan.

ARTICLE VII
MEANS FOR IMPLEMENTATION OF THE PLAN

7.01 Time of Distributions Under the Plan.

Payments to Class 1 shall commence within 30 days after the Effective Date. Payments to Class 2 claimants with Allowed Claims shall commence 18 months from the Effective Date or as soon as reasonably possible thereafter, once administrative and Class 1 creditors are paid in full. All payments shall be completed in no more than 60 months from the Effective date.

7.02 Manner of Payments Under the Plan.

Payments to be made by the Debtor pursuant to this Plan shall be made by check drawn on the Disbursing Account or upon such other terms as may be agreed upon by the Reorganized Debtor and the Claimant.

ARTICLE VIII
GENERAL PROVISIONS

8.01 Definitions and Rules of Construction. The definitions and rules of construction set forth in §§ 101 and 102 of the Code shall apply when terms defined or construed in the Code are used in this Plan, and they are supplemented by the following definitions: see definitions listed Article I above.

8.02 Effective Date of Plan. The effective date of this Plan is the eleventh business day following the date of the entry of the order of confirmation. But if a stay of the confirmation order is in effect on that date, the effective date will be the first business day after that date on which no stay of the confirmation order is in effect, provided that the confirmation order has not been vacated.

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

8.04 Binding Effect. The rights and obligations of any entity named or referred to in this Plan will be binding upon, and will inure to the benefit of the successors or assigns of such entity.

8.05 Headings. The headings contained in this Plan are for convenience of reference only and do not affect the meaning or interpretation of this Plan.

8.06 Controlling Law. Unless a rule of law or procedure is supplied by federal law (including the Code or the Federal Rules of Bankruptcy Procedure), the laws of the State of New York govern this Plan and any agreements, documents, and instruments executed in connection with this Plan, except as otherwise provided in this Plan.

ARTICLE IX **DISCHARGE**

9.01. Discharge. Except as otherwise provided in the Plan or Confirmation Order, in accordance with Section 1141(d) of the Bankruptcy Code, the Confirmation Order, upon becoming a final Order, acts to discharge the Debtor, effective as of the Confirmation Date, of all Claims against, debts of, or liens against the Debtor, its assets or property, which Claims, debts, liens or interests arose at any time prior to entry of the Confirmation Order. The discharge of the Debtor shall be effective as to each Claim regardless of whether a proof of such Claim was filed, whether such Claim is an Allowed Claim, or whether the Claim Holder votes to accept the Plan. The holder of a discharged Claim shall be forever barred and precluded from asserting against the Debtor, its assets or property, any other or further Claim or Interest based upon any documents, instrument, act, omission, transaction, or other activity of any kind or nature that occurred before the Confirmation Date.

9.02. In accordance with Section 524 of the Bankruptcy Code, the discharge provided by this Article and Section 1141 of the Bankruptcy Code, inter alia, acts as an injunction against the commencement or continuation of any action, employment of process or act to collect, offset or recover the Claims and Interests discharged by this Plan. Such injunction shall extend to any successor of the Debtor (including, without limitation, the Reorganized Debtor) and its respective property and interests in property.

9.03 Title to Assets: Except as otherwise provided in this Plan, on the Effective Date, title to all assets of the Debtor shall vest in the Reorganized Debtor free and clear of all Claims, Liens, charges and encumbrances of creditors.

ARTICLE X
OTHER PLAN PROVISIONS

10.01. Unclaimed Cash. Any person who fails to claim any cash within three (3) months from the date such cash is distributed, shall forfeit all rights to that distribution and shall have no further claim whatsoever against the Debtor to such distribution. Unclaimed cash shall be returned to the Debtor.

10.02. Modification of the Plan. The Debtor reserves the right, in accordance with the Bankruptcy Code, to amend or modify the Plan prior to the Confirmation Date. After the Confirmation Date, the Debtor may, upon order of the Bankruptcy Court, in accordance with Section 1127(b) of the Bankruptcy Code and on appropriate notice, remedy any defect or omission or reconcile any inconsistencies in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

10.03. Objections to Claims. The Debtor reserves the right to file any objections not previously filed with the Court within one hundred twenty (120) days after the Confirmation Date.

10.04. Limitation of Liability. From and after the Effective Date, to the extent permitted under Section 1125(e) of the Bankruptcy Code, the Debtor, its officers and directors and the Debtor's Professionals shall neither have nor incur any liability to any person for any act taken or omitted to be taken in connection with the Case, including the formulation, preparation, dissemination, implementation, confirmation or approval of the Plan, any exhibits thereto, the Disclosure Statement or any contract, instrument, release or other agreement or document provided for or contemplated in connection with the consummation of the transactions set forth in the Plan; provided, however, that the foregoing provisions (a) shall not affect the liability of any person that otherwise would result from any such act or omission to the extent that act or omission is determined in a final order to have constituted gross negligence or willful misconduct, and (b) shall not abrogate any applicable disciplinary rules. Any of the foregoing parties in all respects shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

10.05. Employment and Payment of Professionals After Confirmation Date. The Reorganized Debtor may employ and pay professionals including any professional retained in the Chapter 11 Case, with respect to services to be rendered after the Confirmation Date, including services in connection with the implementation and consummation of the Plan, without further order of the Bankruptcy Court. Unless otherwise provided for in the Confirmation Order or other order of the Court, fees and expenses incurred for services rendered to the Debtor by its professionals following the Confirmation Date, shall be paid by the Reorganized Debtor.

10.06. Injunction. On the Effective Date of the Plan, except as otherwise provided in the Plan or the Confirmation Order, all Persons shall be deemed to be bound by the terms of the Plan, including holders of Claims or Interests not listed in the Schedules, or listed on the Schedules as disputed, unliquidated or contingent, who did not file Proofs of Claim or Interest by the applicable Bar Date, and, to the extent permitted under Section 1141(d)(3) of the Bankruptcy Code, will be prohibited from:

- a) commencing or continuing any suit, action or other proceeding of any kind or nature or employing any process against the Debtor, the Estate, the Assets, the Estate Representative or any direct or indirect successor to the Debtor, or to interfere with the consummation or implementation of this Plan, or the Distributions to be made hereunder,
- b) enforcing, levying, attaching, collecting or otherwise recovering by any manner or means, directly or indirectly, any judgment, award, decree or order against the Debtor, the Estate or the Assets or any direct or indirect successor in interest to the Debtor, or any assets or property of such successor,
- c) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any lien against the Debtor, the Estate or the Assets, or any direct or indirect successor in interest to the Debtor, or any assets or property of such successor other than as contemplated by the Plan,
- d) except as provided herein, asserting any setoff, right of subrogation or recoupment of any kind, directly or indirectly, against any obligation due the Debtor, the Estate or the Assets, or any direct or indirect successor in interest to the Debtor, or any assets or property of such successor, and
- e) proceeding in any manner in any place whatsoever that does not conform to or comply with the provisions of the Plan.

10.07. Entire Agreement. This Plan and the Confirmation Order, including any exhibits, sets forth the entire agreement and understanding among the parties hereto relating to the subject matter hereof and supersedes all prior discussions and documents. No party shall be bound by any terms, conditions, definitions, warrants, understandings or representations with respect to the Plan other than as are expressly provided for herein. Should any provision in the Plan be determined to be unenforceable by a Bankruptcy Court of competent jurisdiction, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of the Plan. The duties, rights and obligations of any person or entity named or referred to in the Plan shall be binding upon, inure to the benefit of, and shall be the responsibility of, the successors and assigns of such person or entity.

10.08. Satisfaction of Claims and Interests. Upon confirmation of this Plan, the Debtor

and the Estate shall be conclusively determined to have no liability to the holder of any Claim or Interest that is not Allowed, and only to the extent provided for in the Plan with respect to the holder of any Allowed Claim or Interest. This provision shall not be construed as a release of any Claims any creditor may have against a third party on account of its Claim.

10.09. Confirmation Order and Plan Control. To the extent the Confirmation Order and/or this Plan is inconsistent with the Disclosure Statement, any other agreement entered into between or among the Debtor and any third party, this Plan controls the Disclosure Statement and any such agreements and the Confirmation Order (and any other orders of the Court) controls this Plan.

10.10. Authorizations. The Debtor is authorized, empowered, and directed to execute such documents and take any and all other action as may be necessary or required in order to effectuate the terms of this Plan.

10.11. Transaction on Business Days. If the Effective Date or any other date on which a transaction or Distribution may occur hereunder shall fall on a day that is not a Business Day, the transaction or Distribution shall instead take place on the next Business Day.

10.12. Defects, Omissions and Amendments. This Plan may be altered, or modified by the Debtor before or after the Confirmation Date as provided in Section 1127 of the Code.

10.13. Revocation. The Debtor reserves the right to revoke and withdraw this Plan at any time prior to the Confirmation Date. If the Plan is revoked or withdrawn, it shall be deemed null and void, and in such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claim by or against the Debtor or any other entity, or to prejudice in any manner, the rights of the Debtor or any entity in any further proceeding involving the Debtor.

10.14. Substantial Consummation. The Plan will be deemed substantially consummated, as such term is used in Section 1101(2) of the Bankruptcy Code, upon the commencement of Distributions to the holders of a Class of Claims under this Plan. Following such substantial consummation, any appeal, rehearing or other post-confirmation motion of any nature with respect to this Plan or the Confirmation Order except as specifically provided herein or therein shall be rendered moot and no longer justiciable.

10.15. Severability. Should any provision in this Plan be determined to be unenforceable, such determination shall, to the extent possible, in no way limit or affect the enforceability and operative effect of any or all other provisions of this Plan.

10.16. Effectuating Documents and Further Transactions. The Debtor shall be authorized to execute, deliver, file, or record such documents, contracts, instruments, releases, and other agreements and take such other action as may be necessary to effectuate and further evidence the terms and conditions of the Plan.

10.17. Successors and Assigns. The rights, benefits, and obligations of any person or entity named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the heirs, executors, administrators, successors, or assigns of such Person or entity.

10.18. Officers In The Reorganized Debtor. The Officer of the Reorganized Debtor will be Antoinette Modica, President. She will receive a salary from the Reorganized Debtor.

ARTICLE XI
RETENTION OF JURISDICTION

Notwithstanding Confirmation of this Plan or occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction for the following purposes:

- 11.01 Determination of all controversies relating to or concerning the classification, allowance, disallowance, subordination, treatment or satisfaction of Claims;
- 11.02 Determination of the validity, extent, value, priority and avoidability of consensual and non-consensual liens and other encumbrances.
- 11.03 Determination of tax liability pursuant to Section 505 of the Code;
- 11.04 Determination of all matters relating to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease;
- 11.05 Determination and fixing of all Administration Claims entitled to priority pursuant to Section 507(a)(1) of the Code, including compensation to counsel, and other professionals.
- 11.06 Resolution of controversies and disputes regarding the interpretation of this Plan;
- 11.07 Determination of any applications, motions, adversary proceedings and contested or litigated matters properly before or hereafter brought in this Court;
- 11.08 Liquidation or other determination of all disputed, contingent or unliquidated Claims;
- 11.09 Modification of the Plan pursuant to Section 1127 of the Bankruptcy Code;
- 11.10. Implementation of the provisions of this Plan and entry of orders in aid of Confirmation and consummation of the Plan;
- 11.11 Determination of such matters as may be provided for in the Confirmation Order or may be in aid of consummation of the Plan at any time until the final distribution payable to Claim or the Interest Holder has been made.

11.12 Adjudication of any causes of action that arose pre-Confirmation or in connection with the implementation of this Plan.

11.13 Entry of a Final Order closing the Debtor's Chapter 11 Case; and

11.14 Resolution or reconciliation of any omission or inconsistency in the Plan or in the Confirmation Order as may be necessary to carry out the purpose and intent of the Plan.

Respectfully submitted,

Dated: March 2, 2018
Astoria, New York

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