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

-----X

In re:

:

Chapter 11

TEMPLE SHOLOM,

Case No.: 17-41950-cec

Debtor

-----X

**DISCLOSURE STATEMENT OF TEMPLE SHOLOM FOR ITS
PLAN OF REORGANIZATION DATED JULY 28, 2017**

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 yet been approved by the Court.

Dated: East Meadow, New York
July 28, 2017

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I. INTRODUCTION

This is the disclosure statement (the "Disclosure Statement") in the Chapter 11 case (the "Case") of Temple Sholom, debtor and debtor-in-possession (the "Debtor," or "Temple Sholom") filed with the U.S. Bankruptcy Court for the Eastern District of New York (the "Bankruptcy Court," or the "Court"). This Disclosure Statement contains information about the Debtor and describes its filed plan of reorganization dated July 28, 2017 (the "Plan"). A full copy of the Plan accompanies this Disclosure Statement. ***Your rights may be affected. 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 in this Disclosure Statement. The Plan contemplates the payment in full of all allowed claims, both secured claims, and unsecured (however, as to unsecured claims, without interest) as well as administrative expenses incurred during the Case and is being submitted in accordance with the provisions of Chapter 11 of the United States Bankruptcy Code (11 U.S.C. section 101, *et seq.*) (the "Code").

A. Purpose of This Document

This Disclosure Statement describes:

- (1) The Debtor, the events leading to the Case filing and any significant events during the Case;
- (2) How the Plan proposes to treat claims of the type you hold (*i.e.*, what you will receive on your claim or interest if the Plan is confirmed);
- (3) Who can vote on or object to the Plan;
- (4) What factors the Court will consider when deciding whether to confirm the Plan;
- (5) Why the Debtor believes the Plan is feasible, and how the treatment of your claim or interest under the Plan compares to what you would receive on your claim or interest in liquidation; and
- (6) The effect of confirmation of the Plan.

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 Bankruptcy Court has not yet 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 Finally 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 [Date to be Determined], at [Time to be Determined], in Courtroom of the Hon. Carla E. Craig, at the United States Bankruptcy Court for the Eastern District of New York, Brooklyn Division, at the Conrad B. Duberstein U.S. Courthouse, Third Floor, 271-C Cadman Plaza East, Brooklyn, New York 11201.

2. Deadline for Voting by Creditors to Accept or Reject the Plan

If you are entitled to vote to accept or reject the Plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to the Debtor's counsel, the Gertler Law Group, LLC at the address of the firm at the end of this Disclosure Statement. *See*, section IV.A. for a discussion of voting eligibility requirements.

Your ballot must be received by [Date to be Determined] or it will not be counted.

3. Deadline for Objecting to the Adequacy of Disclosure Statement and Confirmation of the Plan

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Bankruptcy Court and served upon the Debtor, by its counsel, the Gertler Law Group, LLC by [Date to be Determined].

4. Identity of Person to Contact for More Information

If you want additional information about the Plan, you should contact Vanessa Masri at the Gertler Law Group, LLC, 90 Merrick Avenue, Suite 400, East Meadow, New York 11554, tel. no. 516-228-3553.

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, and even once the Court does approve this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. Objections to the adequacy of this Disclosure Statement may be filed until [Date to be Determined].

II. BACKGROUND

A. The Debtor

The Debtor is a religious organization of the Jewish faith formed and operating under the New York State Religious Corporations Law. Temple Sholom was established 70 years ago in the eastern Queens County section of Floral Park, New York.

Temple Sholom operates at the St. Paul International Lutheran Church in Floral Park, New York. It has had a lease/rent arrangement with the Church for office space and religious services and events. The Debtor anticipates continuing this relationship after confirmation of the Plan.

Over the past 2 - 3 decades the community where Temple Sholom is located has changed from a high concentration of Jewish to non-Jewish families. Even though this underlying change in our community's make-up contributed to the bankruptcy filing it did not drive the timing.

B. Events Leading to Chapter 11 Filing

Temple Sholom's Chapter 11 filing on April 21, 2017 (the "Filing Date") was caused by a "perfect storm" of occurrences. The first was the Debtor's spiritual leader, Cantor Josee Wolff announcing her departure in August of 2016 prior to the High Holy Days which commenced the following month. The Debtor believed that this announcement was inconsistent with an agreement that disclosure of her leaving be made on January 15, 2017. The High Holy Days is the period of greatest income generation for all Jewish congregations. The timing of Cantor Wolff's announcement appeared to cause confusion and hesitancy on the part of many congregants to commit their future support. It is believed this led to a significant decline in revenue in late 2016 into 2017 from income levels of previous years. Consequently, the reduced cash flow impaired the Debtor's ability to remain current in payment of ongoing, recurring operating expenses. This led to numerous "collection" demands from creditors. Among the significant accruing obligations were debts to the Worker's Compensation Board; the New York State Department of Taxation and Finance; The Union of Reform Judaism and others. Also, as there were remaining issues and assertions of liability between Temple Sholom and Cantor Wolff, the Debtor came to realize the growing levels of debt must be managed and resolved in an orderly manner to avoid a complete collapse of the congregation.

Temple Sholom consulted with legal counsel and determined that utilizing Chapter 11 of the Code would be the most efficient process to conclude a sale of the Debtor's real property (discussed elsewhere herein) that would allow for the payment of its debts and obligations.

C. Significant Events During the Bankruptcy Case

The Debtor has conducted itself as a debtor-in-possession during the Chapter 11 case, meaning it has been retained in possession of its assets and the management and control of operations. Temple Sholom has been able to meet its post-filing date obligations from cash on hand and congregant contributions. The Debtor has not incurred, and will not incur any new debt or obligations that would impair the ability to consummate the terms and provisions of the Plan.

The Debtor has been assisted in the administration of the Chapter 11 bankruptcy estate and the Case by their Court approved retained attorneys, the Gertler Law Group, LLC. Temple Sholom has also retained, subject to Court authorization, Dresner & Dresner as its real estate counsel to assist in the sale of its real property. The Debtor has not retained an accountant as its part time office manager and bookkeeper has provided the accounting and financial reporting services to the Debtor that are needed during the Case, such as but not limited to, the monthly operating reports of the Debtor filed with the Bankruptcy Court and reviewed by the United States Trustee Office..

Prior to Filing Date, Temple Sholom had entered into a Contract of Sale, date February 6, 2017 (the “Contract”), with Jivan Jyoti, Inc. (the “Buyer”) for the sale of the Debtor’s real property (the “Sale”) located at 79-15 254th Street, Floral Park, New York 11004 (the “Real Property”). The purchase price under the Contract is \$835,000 (the “Purchase Price”). The Real Property was originally acquired by Temple Sholom for a new synagogue and facility for the congregation and there is no mortgage debt on the property. Unfortunately, Temple Sholom was not able to raise the funds necessary to support operations simultaneously while building its new Synagogue structure, and thereafter determined that a sale of the Real Property would be necessary. In that regard, the Real Property was listed with a real estate broker and ultimately, such effort resulted in the Contract with the Buyer.

The Debtor is making a motion to the Bankruptcy Court for approval of the Contract and for authorization to close on the Sale in conjunction with the implementation of the Plan upon its confirmation by the Court. Further, the Debtor is working to obtain the necessary approval of the sale from the New York State Attorney General’s office that is required under the Religious Corporations Law. The proceeds of the Sale, after all closing related costs and expenses are deducted, will be utilized for the distributions and payments prescribed under the Plan and for funding of post bankruptcy operations of Temple Sholom.

The Sale is a “transfer” and the “delivery of an instrument of transfer” as such terms are utilized in Code section 1146(a). The approval of the Sale and the Debtor’s ability to close are tied to and the basis for the funding under the Plan. Thus, the consummation of the Plan is predicated upon the Sale, and the distributions under the Plan that will cause the effective date to occur will only be made from the proceeds of the Sale. This means the Sale shall be deemed a transfer of the Real Property under this Plan, and such transfer shall be exempt from any state or municipal imposed “stamp” or similar tax, including any transfer tax assessed upon conveyances of real property under the laws, codes, regulations or rules of the State of New York and the City of New York. The Debtor will request that the order confirming the Plan specifically provide for an exemption under Code section 1146(a) and direct all governmental entities to accept for filing and recording any and all instruments and documents effectuating the sale, conveyance and transfer of the Real Property pursuant to the Sale, without the payment of such stamp or similar tax.

Prior to the Case, and as part of the problems from the decrease in revenue, insurance policies maintained by Temple Sholom lapsed. This required the Debtor to immediately seek replacement insurance, such as for general liability, property and workers compensation. In the first days of the Case, Paul Trolio, with the assistance of counsel, worked to obtain the needed insurance coverage. These efforts were successful, and all required insurance policies are in place.

The departure of Cantor Wolff before the end of her employment contract caused there to be certain issues and claims between the Cantor and Temple Sholom. These include compensation and health benefits coverage. After negotiations between the Debtor and Cantor Wolff, an agreement was concluded that covered both the compensation issues and the health insurance coverage matter. The settlement agreement was presented to the Bankruptcy Court for approval on notice to all creditors and parties in interest.

During the Case, Temple Sholom has conducted a search for a new spiritual leader and has had discussions with several candidates. The Debtor anticipates having a spiritual leader in place prior to the effective date of the Plan.

D. Projected Recovery of Avoidable Transfers or Other Claims of the Estate

The Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions. The Debtor and counsel do not believe such actions exist, or would be economically viable.

Also, the Debtor does not have any other pending claims or right of recovery from anyone, such as breach of contract, personal injury or property damage.

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. The last date to file proofs of claim by non-governmental creditors is August 31, 2017, with government claims due by October 27, 2017. Once the proofs of claim are filed, the Debtor will review them to determine if there is any basis to bring an objection to any one or more claims.

If your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later made and upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

F. Current Financial Status

The Debtor's financial condition has stabilized during the Case. With the implementation of the automatic stay against creditors that was imposed upon commencement of the Case, Temple Sholom has been able to reduce its short term cash flow demands, with all of the pre-bankruptcy debt to be paid through the Sale. This has allowed the Debtor to use the income it is currently collecting to pay current (post-petition) obligations as they come due. The Debtor anticipates that at the time of confirmation of the Plan, the only outstanding post-petition (administrative expenses) obligations will be professional fees and expenses, as allowed by the Court, current quarterly fees to the United States Trustee, ordinary course of business accounts payable that are in mid-cycle and employee withholdings that are not yet due to the applicable governmental entities.

With the stabilizing of the Debtor's financial situation, as well as the resolution of the issues with Cantor Wolff and the expectation of a new spiritual leader, Temple Sholom believes the congregation will respond positively and will increase contributions and other payments to the Debtor, and that those with dues arrears will progress in becoming current.

As of the end of June, 2017, the Debtor had a positive cash flow and a cash balance at month end of \$4,392.43 (*see*, Monthly Operating report for June 2017). The Debtor has investment accounts with a balance of approximately \$25,800 (*see*, Schedule A/B of the Debtor's Schedules of Assets and Liabilities). Temple Sholom's physical assets are not significant. They consist primarily of office furnishings, fixtures and equipment. Additionally, Temple Sholom owns and maintains its religious related property.

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

A. The Purpose of the Plan of Reorganization

The Plan is the proposal of the Debtor to settle, pay and dispose of the claims against them. As required by the Code, the Plan places claims in various classes and describes the treatment each will receive. The Plan also states whether each class of claims is impaired or unimpaired. If the Plan is confirmed, your recovery will be the amount provided by the Plan.

B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the 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 that required by the 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 Case which are allowed under Code section 507(a)(2). 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. Here, the expenses will be paid in full from the net proceeds of the Sale.

At this time, the Debtor anticipates that the only administrative expense claims (other than ordinary course open accounts payable) will be for the professional fees and expenses of their counsel, Gertler Law Group, LLC, and special real estate counsel, Dresner & Dresner, as the same are approved by the Court upon application by the firms, and any quarterly fees due to the Office of the U.S. Trustee at the time of confirmation of the Plan or the effective date of the Plan. These expenses are not anticipated to be greater than \$60,000.

All post-Filing Date ordinary course operational expenses (accounts payable) are being paid as they come due and according to terms. The Debtor does not expect any such accounts payable obligations to be in arrears upon the effective date.

2. Priority Tax Claims

Priority tax claims are unsecured income, employment, and other taxes described in Code section 507(a)(8). Under the Code, these types of obligations must receive the present value of such claim, in regular installments paid over a period not exceeding five (5) years from the order of relief (that being the Filing Date). However, under the Plan, any claims that have priority status under section 507 will be paid in full from the net proceeds of the Sale.

As a religious corporation, the Debtor is exempt from any federal, state or municipal income tax. The Internal Revenue Service, New York State Department of Taxation and Finance and New York State Department of Labor have filed proofs of claim asserting priority tax claims.

The IRS filed claim totals \$41,510.36. This amount is broken down in the proof of claim as follows: Priority - \$19,614.69 for FUTA and FICA obligations; and Unsecured General - \$21,895.67 for penalties on the FUTA and FICA due, and interest on the penalty amounts.

The New York State Department of Taxation and Finance filed claim totals \$3,019.92. This amount is broken down in the proof of claim as follows: Priority - \$19.92 for interest on pre-Filing Date withholding taxes that were paid in principal amount; and Unsecured General - \$3,000.00 (estimated) for penalties on pre-Filing Date withholding taxes.

The New York State Department of Labor filed claim is in an unliquidated (unstated) amount for possible unemployment insurance contributions. The State Labor Department does assert in the proof of claim that nay amount that may finally be determined would have priority status under code section 507.

All of these claims, as finally determined and allowed, will be paid from the proceeds of the sale of the Real Property, though the above identified unsecured portions of the IRS and New York State claims will receive treatment as Class 3 General Unsecured Claims (*see*, Section III C. 3 below).

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:

1. Classes of Priority Claims

Based on proofs of claim filed to date, the only claim asserted as priority is by Cantor Josee Wolff. Her proof of claim asserts salary of \$5,998.16 and employee benefit plan contributions of \$12,312.77. The Debtor reserves the right to examine Cantor Wolff's claim based on actual records and what the settlement agreement with her provided, and may, if appropriate, file an objection to her proof of claim. There are no other employee based proofs of claim, and the Debtor does not anticipate any other employee based proofs of claim to be filed. The Debtor's sole present payroll employee, its office manager and bookkeeper's compensation is paid currently and all necessary post filing Date withholdings are being taken and paid over to the appropriate governmental entities when due. Any allowed employee based priority claims (such as any of Cantor Wolff that are finally determined by the Court) will be paid in full from the net proceeds of the Sale. These claims will be unimpaired under the Plan.

2. *Classes of Secured Claims*

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy to the extent allowed as secured claims under Code section 506. If the value of the collateral securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim. There is no mortgage loan debt against the Real Property. As a religious corporation, it is supposed to be exempt from real estate and similar taxes assessable against owned real property. However, at present, there are real estate taxes assessed as of record against the Property. The assessed and open real estate taxes (which upon assessment become a lien against property under law) on record for 2016-2017 total approximately \$24,372 (one full year of real estate tax assessment). The Debtor believes that the aforesaid assessment is in error due to the fact that the governmental entity tasked to do so, sent the notice for filing for renewal of the tax exempt status was mailed to the street address of the Property and not to Temple Sholom's offices located at St. Paul's International Lutheran Church. Thus, the Debtor did not receive the notice and did not file the renewal of the tax exempt status. As a consequence, the 2016-2017 assessment was made. The JCRC of New York is working on behalf of Temple Sholom to have the tax exempt designation reinstated retroactively and to have the assessment removed.

Any secured claim that is finally determined to be an allowed claim (though the Debtor does not anticipate any such allowed secured claim will be ultimately allowed) will be satisfied at the closing on the Sale from proceeds of the Sale. These claims will be unimpaired under the Plan.

3. *Class of General Unsecured Claims*

Class 3. The remaining claims against the Debtor that are not categorized as secured or priority comprise the class of unsecured claims. These claims are primarily operational based debt and loans by members of Temple Sholom to the Debtor. The total estimated amount of these claims as listed in the Debtor's Schedules of Liabilities, or upon filed proofs of claim, and before any possible objections by the Debtor is not expected to exceed \$400,000. The allowed class 3 claims will be paid from the Sale proceeds in the full amount of the principle of the claim, as filed or scheduled, but without accrued interest. These claims will be deemed impaired as there will be no payment of interest on the claim amount (from Filing Date to payment date from Sale proceeds).

Class 4. The members of Class 4 are congregants. In that capacity the members shall not be receiving any monetary distribution under the Plan as they have no right under contract or law to assert a claim against Temple Sholom. However, some members of the congregation have made pre-Filing Date loans to the Debtor, in which case, they would have unsecured claims that would receive treatment as a Class 3 claim.

D. Means to Implement the Plan

As discussed in Section II. C above, the means to fund the Plan will be derived from the sale of the Debtor's real property in Floral Park, New York.

E. Risk Factors

The Debtor is confident that the Plan is feasible and that it will be able to consummate its terms and provisions utilizing the proceeds from the Sale. The Debtor believes there is little risk to creditors under the Plan as the Debtor is providing for the pending conveyance of the Real

Property pursuant to the Contract to be able to pay all finally allowed claims of every class and type. The Real Property is Temple Sholom's primary asset, and if the Case were to be converted to a Chapter 7 liquidation case the same scenario would play out for the payment of creditor claims, but without the benefit to the members of a continuing functional religious community. Therefore, the Debtor believes the Plan is the best method to ensure payment to creditors and continuation of the congregation.

F. Executory Contracts and Unexpired Leases

The Debtor has several leases and executory contracts. There is the Contract relating to the Sale. That Contract will be assumed and reaffirmed, and the Sale will be approved by the Bankruptcy Court on the motion of the Debtor. The lease with St. Paul's International Lutheran Church will be assumed under the Plan. The Debtor's lease of a Cannon Image Runner Advanced machine which is used in the office will be assumed under the Plan. The Debtor will continue with the office telephone and internet service with Verizon, as well as Temple Sholom's website service company, Charity Web. The Debtor is current with payments under the church lease, the copier lease and the Verizon and Charity web agreements.

The remaining contracts and leases that existed as of the Filing Date (*see*, Schedule G in the Schedules of Assets and Liabilities) will be deemed rejected upon the effective date of the Plan, as confirmed. These include: (a) a space agreement with Bellerose Jewish Center; (b) a portable latrine with Call Ahead; (c) a trailer lease with Cassone Trailers; (d) a space agreement with Jewish Center of Oak Hills; (e) a storage space lease with Westy's. The parties to these leases and contracts will have the ability to file proofs of claims for damages that they may be contractually entitled to, but which may be subject to limitations under the Code, and the Debtor reserves the right to object to any such filed "rejection" proofs of claim. Any such allowed rejection claim would be a general unsecured claim and be included in Class 3 for treatment purposes.

G. Tax Consequences of the Plan

There may be certain tax related consequences to creditors from the treatment and disposition of claims under the Plan. The Debtor is not making any generalizations or specific representations to creditors concerning any such potential tax ramifications. The Debtor recommends that all creditors consult with their legal or tax professionals if they have any questions or concerns in this regard.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in Code sections 1129(a) or (b). 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 and equity interest holder at least as much as the creditor or equity interest holder 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 section 1129, and they are not the only requirements for confirmation.

A. Who May Vote or Object

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

Certain 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 has a claim that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Debtor believes that the unsecured class is impaired as there will not be any interest paid on their principal claim amounts. Therefore, the Class 3 unsecured creditors are entitled to vote to accept or reject 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 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 or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Bankruptcy 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.

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 Code section 1124, 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 and interests are *not* entitled to vote:

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

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 a cram-down on non-accepting classes, as discussed later in Section B.2. herein below.

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 Code section 1129(b). 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 or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of Code section 1129(a)(8), 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 who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a liquidation scenario. Please see the discussion of the Debtor's assets and the risk factors in the Case and the likely results of a Chapter 7 liquidation as set forth in Section II. F. above and Section III. E. above. The Debtor notes that under New York law, if a religious corporation is liquidated or ceases to function, after creditors are paid from proceeds of asset liquidation, the remaining funds from liquidation are not distributed to former congregants, but rather are paid over to the state. Thus, a Chapter 7 liquidation would not benefit the congregants of Temple Shalom in any manner.

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, unless such liquidation or reorganization is proposed in the Plan.

The Debtor believes that it will have sufficient funds from the Sale on the effective date of the Plan to pay all the claims and expenses discussed herein and provided for under the Plan. The Sale will be subject to Court approval and once it is approved by the Court and New York State, the closing on the Sale will proceed in accordance with the terms of the Contract.

V. EFFECT OF CONFIRMATION OF PLAN

A. Discharge of the 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 Code section 1141(d)(5).

B. Final Decree

Once the 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.

C. Modification of the 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 re-voting 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.

Dated: July 28, 2017

Respectfully submitted,

Plan Proponent
Temple Sholom, Debtor and Debtor-
in-Possession
By:

/s/ Paul Trolio

Paul Trolio, Managing Director

Gertler Law Group, LLC
Attorney for the Plan Proponents
By:

/s/ Richard G. Gertler

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