UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK
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In re:	**Chapter 11**
LIBERTY TOWERS REALTY LLC	**Case No. 14-45187 - ESS**
Debtor.	

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SECOND AMENDED DISCLOSURE STATEMENT PERTAINING TO THE SECOND AMENDED CHAPTER 11 PLAN OF REORGANIZATION OF THE DEBTOR PROPOSED BY THE DEBTOR

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

THIS SECOND AMENDED DISCLOSURE STATEMENT (THE "DISCLOSURE STATEMENT") IS BEING SUBMITTED TO ALL CREDITORS AND PARTIES IN INTEREST

THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY AFFECT CREDITORS' DECISIONS TO ACCEPT OR REJECT THE DEBTOR'S CHAPTER 11 PLAN OF REORGANIZATION (THE "PLAN"). ALL CREDITORS ARE URGED TO READ THIS DISCLOSURE STATEMENT CAREFULLY. ALL CAPITALIZED TERMS CONTAINED IN THIS DISCLOSURE STATEMENT SHALL HAVE THE SAME MEANING AS CAPITALIZED TERMS CONTAINED IN THE CHAPTER 11 PLAN ANNEXED TO THE DISCLOSURE STATEMENT AS EXHIBIT A.

COURT APPROVAL OF THE DISCLOSURE STATEMENT DOES NOT CONSTITUTE COURT APPROVAL OF THE TERMS OF THE PLAN.

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I. INTRODUCTION

Liberty Towers Realty LLC, (the "Debtor"), hereby submits this Second Amended Disclosure Statement (the "Disclosure Statement") in connection with the solicitation of acceptances of its Second Amended Plan of Rorganization (the "Plan") under Chapter 11 of the United States Bankruptcy Code. A copy of the Plan is attached hereto as **Exhibit "A"**. All Creditors are urged to carefully review the Plan and Disclosure Statement. All capitalized terms used but not defined herein shall have the meaning set forth in the Plan[1]. Also, all exhibits to this Disclosure Statement are incorporated into and are part of this Disclosure Statement as if set forth in full herein.

This Disclosure Statement is not intended to replace a review and analysis of the Plan. Rather, it is submitted as a review of the Plan in an effort to explain the terms and implications of the Plan. Every effort has been made to fully explain the various aspects of the Plan as it affects all Creditors, holders of Interests in the Debtor and other parties-in-interest. To the extent a Creditor has any questions, please contact counsel to the Debtor (whose address and telephone number are listed on the cover of this Disclosure Statement) for assistance.

THE DEBTOR URGES YOU TO VOTE IN FAVOR OF THE PLAN. THE GOAL OF THE DEBTOR IS FOR ALL CREDITORS TO ACCEPT THE PLAN. THE DEBTOR IS THE PROPONENT OF THE PLAN AND STRONGLY RECOMMENDS THAT PARTIES ENTITLED TO VOTE THEREON VOTE TO ACCEPT THE PLAN.

Unless the context otherwise requires, any capitalized term used herein and not defined in the Plan, but defined in the Bankruptcy Code or Bankruptcy Rules, shall have the meaning set forth therein. Wherever from the context it appears appropriate, each term stated in either of the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, the feminine and the neuter. The words "herein," "hereof," "hereto" and "hereunder," and other words of similar import, refer to this Disclosure Statement as a whole and not to any particular portion hereof. The word "including" shall mean "including, without limitation."

On or about _____, 2016, after notice and a hearing, the Bankruptcy Court entered an order approving this Disclosure Statement as containing information of a kind and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the Debtor and the condition of the Debtor's books and records, to enable Creditors whose votes are being solicited to make an informed judgment whether to accept or reject the Plan.

Creditors should read this Disclosure Statement in its entirety prior to voting on the Plan. No solicitation of votes may be made except pursuant to this Disclosure Statement.

EXCEPT AS SET FORTH IN THIS DISCLOSURE STATEMENT, NO REPRESENTATIONS CONCERNING THE DEBTOR, ITS ASSETS, ITS PAST OR FUTURE OPERATIONS, OR THE PLAN ARE AUTHORIZED BY THE DEBTOR, NOR ARE ANY SUCH REPRESENTATIONS TO BE RELIED UPON, IN ARRIVING AT A DECISION WITH RESPECT TO THE PLAN.

THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN BASED UPON INFORMATION SUPPLIED BY THE DEBTOR. AS INDICATED HEREIN, THE FINANCIAL INFORMATION WITH RESPECT TO ASSETS AND LIABILITIES ARE ESTIMATES BASED UPON THE AVAILABLE INFORMATION. THE DEBTOR, HOWEVER, CANNOT REPRESENT THAT FUTURE EVENTS MAY NOT REQUIRE CHANGES TO THE INFORMATION CONTAINED HEREIN.

After reviewing this Disclosure Statement, please indicate your vote to accept or to reject the Plan on the enclosed ballot, and return the ballot to counsel for the Debtor so that it is received on or before _____, 2016.

ANY BALLOTS RECEIVED BY THE DEBTOR'S COUNSEL AFTER _____, 2016 WILL NOT BE COUNTED.

Accompanying this Disclosure Statement are the following enclosures:

A. Order Approving the Disclosure Statement and Establishing Confirmation Procedures.

A copy of the order of the Bankruptcy Court dated on or about _____, 2016, approving the Disclosure Statement and, among other things, establishing procedures for voting on the Plan, and scheduling the hearing to consider, and the deadline for objecting to, confirmation of the Plan (the "Disclosure Statement Order");

B. Notice of Confirmation Hearing.

A copy of the notice of the deadline for submitting ballots to accept or reject the Plan and, among other things, the date, time and place of the Confirmation Hearing and the deadline for filing any objections to confirmation of the Plan (the "Notice of Confirmation Hearing");

C. Ballots.

One or more ballots for you to vote to accept or reject the Plan, unless (a) your Claim is not impaired under the Plan and you are, therefore, deemed to accept the Plan or (b) you are to receive no distribution under the Plan. In either case, you are not entitled to vote with respect to the Plan. See the discussion below for an explanation of which parties in interest are entitled to vote on the Plan.

II. PROCESS OF VOTING AND CONFIRMATION

A Chapter 11 plan of reorganization or liquidation specifies the manner in which the claims of creditors against, and the interests of equity security holders in, a debtor are satisfied. Whether a plan will be approved by the Bankruptcy Court and implemented depends on the acceptance by creditors and equity security holders and satisfaction of the Bankruptcy Code's requirements for Court approval (referred to as "Confirmation") of the plan. The Bankruptcy Code provides that only

creditors whose claims are impaired and holders whose interests are "impaired," i.e., whose rights are to be affected, as that term is defined in § 1124 of the Bankruptcy Code, are entitled to vote on a plan. Creditors and equity security holders whose claims and interests are not impaired under a plan are deemed to have accepted such plan.

Each Unsecured Creditor has received a ballot with this Disclosure Statement. Ballots, which will only be sent to Creditors holding impaired Claims, must be returned to the Law Offices of David Carlebach, Esq., 55 Broadway, Suite 1902, New York, New York 10006, so that they are received on or before 5:00 p.m. (Eastern Standard Time) on_____, 2016, which the Bankruptcy Court has fixed as the last date by which Plan ballots may be submitted. The Bankruptcy Court has scheduled the Confirmation Hearing for _____ __, 2016, at 10:00 a.m. or as soon thereafter as counsel can be heard. As a Creditor, your vote on the Plan is, therefore, very important.

In order for the Plan to be deemed accepted and thereafter confirmed, at least two-thirds (2/3) in amount and more than one-half (½) in number of Allowed Claims of Class Unsecured Creditors who vote must cast their votes to accept the Plan. The definition of the term "impairment" is set forth in § 1124 of the Bankruptcy Code and includes those classes whose legal, equitable or contractual rights are altered by a plan.

If confirmed, the Plan will become effective on the first business day that is at least fourteen (14) days after the Confirmation Date (i.e., the date the Court enters an order confirming the Plan) ("Effective Date"), provided, among other things, that the Confirmation Order is not stayed or the subject of an appeal or motion for reconsideration.

III. DISCLAIMERS AND ENDORSEMENTS

This Disclosure Statement contains information supplementary to the Plan and is not intended to take the place of the Plan itself. All of the financial information contained in this Disclosure Statement has been provided by the Debtor and has not been subject to a certified audit. This Disclosure Statement is accurate to the best of the knowledge, information and belief of the Debtor based on information supplied by the Debtor. Each Unsecured Creditor and holder of an Interest is advised to study the Plan carefully to determine the Plan's impact on its Claims or Interests, as the case may be. The Debtor has endeavored to make this Disclosure Statement as clear and accurate as possible.

PLEASE READ THIS DISCLOSURE STATEMENT, INCLUDING THE PLAN, IN ITS ENTIRETY. A COPY OF THE PLAN IS ANNEXED HERETO AS EXHIBIT A. THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN FOR THE CONVENIENCE OF CREDITORS AND EQUITY INTEREST HOLDERS, BUT THE PLAN ITSELF QUALIFIES ALL SUCH SUMMARIES. ACCORDINGLY, IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE TERMS OF THE PLAN SHALL CONTROL.

IV. GENERAL INFORMATION REGARDING THE DEBTOR

A. Background of Debtor's Business

The Debtor's primary assets are real estate assets with the following address: 170 Richmond Terrace, Staten Island, New York 10301; 178 Richmond Terrace, Staten Island, New York 10301, 20-24 Stuyvesant Place (a/k/a 27-33 Hamilton Avenue) Staten Island, New York 10301; 18 Stuyvesant Place, Staten Island, New York, 10301; and 8 Stuyvesant Place, Staten Island, New York 10301 (the "Properties").

V. THE DEBTOR'S CHAPTER 11 CASE

A. The Filing of the Petition

On October 15, 2014 (the "Petition Date"), the Debtor filed a voluntary petition under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code"), in the United States Bankruptcy Court for the Eastern District of New York. The Debor is a single asset real estate case as that term is defined pursuant to § 101(51B) of the Bankruptcy Code.

B. The Schedules

On December 8, 2014, the Debtor filed Schedules of Assets and Liabilities.

Pre-petition Foreclosure Action and Receiver

Prior to the filing of the petition, in or about March 26, 2010, Garrison Special Opportunities Funds LLP (or it's predecessor-in-interest), started a civil action in Richmond Civil Supreme Court, Richmond County, on the Properties, on account of its money judgment in the amount of, upon information and belief, $22,399,193.15. The title of the action is Garrison Special Opportunities Funds LLP v. Liberty Towers Realty LLC a/k/a WF Liberty LLC v. Liberty Towers Realty LLC, Index No. 130138/2009 (the "State Court Action"). The filing was effectuated in order to stay the imminent judgment and restructure the debt on the Properties..

C. General Case Administration

On October 24, 2014, the Debtor filed a motion to retain the Law Offices of David Carlebach as counsel for the Debtor, *nunc pro tunc,* as of October 15, 2014 (the "Carlebach Retention Application"). No order has been entered as of date approving the Carlebach Retention Application.

On October 29, 2014, the Debtor filed a motion to extend deadline to file Schedules or provide required Information (the "Motion to Extend Time"). On December 5, 2014 an Order was entered extending the time to December 8, 2014.

On December 8, 2014, the Debtor filed its Schedules, Statement of Financial Affairs and related documents.

On January 12, 2015, WF Liberty filed a motion for Relief from Stay. On April 28, 2015, the Court entered an order Vacating the automatic stay (the "Lift Stay Order"). On May 12, 2015, the Debtor filed a motion for Reconsideration of the Lift Stay Order. The facts and circumstances surrounding the aforementioned motion practice is more fully set forth in the Motion for Reconsideration Docket #43 and below.

On January 30, 2015, the Debtor filed a motion Seeking to Set a Bar Date Order for April 9, 2016. An order was entered on January 30, 2015, setting the Bar Date as April 9, 2015.

THE SECOND AMENDED PLAN OF REORGANIZATION

With this Disclosure Statement, the Debtor is filing, with the Bankruptcy Court, a second amended plan of reorganization (the "Plan") which Plan is annexed hereto as **Exhibit A**. Under the Plan the Debtor will sell its Property pursuant to Section 363 of the Bankruptcy Code free and clear of all liens claims and encumbrances. Attached hereto as **Exhibit B**, is the Contract of Sale entered into by the Debtor and related documentation. In conjunction with the confirmation of the Plan the Debtor will also seek the approval of the sale of the Debtor's Properties pursuant to Section 363and 1123 of the Bankruptcy Code.

The sale price set forth in the Contract is $15,200,000.00. The total secured debt on the Properties to WF Liberty or/its subrogee, Tirtza Puretz is 12.5 Million Dollars, pursuant to an order of Justice Minardos of the Supreme Court of Richmond County, dated September 3, 2015 (Exhibit C) . The redemption was effectuated through the delivery of property in kind which was eaccepted

by WF Liberty. Although the language of the order says electronic funds transfer, John Marangos, State Court attorney for the Guarantors has stated that, that language was merely to ensure that it was good funds and that Justice Minardos was prepapred to rule that his order had been complied with.

In order to subvert that imminent ruling by Justice Minardos, a third-party, Richmond Liberty (the State Court's had already ruled it had no standing in these litigations) filed its own bankruptcy and removed the foreclosure action to the bankruptcy Court in an egregious act of forum shopping. WF Liberty has made a powerful remand motion, exposing the chicanery of Richmond which motion has yet to be ruled on.

In the interim there has been a lengthy Court Ordered but failed mediation, a settlement agreement that was originally entered by the Debtor but withdrawn due to the appearance and ultimate entry into a contract with the Second Mortgagee. Extensive pleadings have been filed in connection with the Debtor's withdrawal of the settlement agreement and related motion which the Court has yet to rule on. From the Debtor's perspective, the bottom line is that the settlement would have kept the second mortgagee out in the cold with no money. The instant plan pays all creditors in full in cash on confirmation.

THE PLAN OF REORGANIZATION

With this Disclosure Statement, the Debtor is filing, with the Bankruptcy Court, a proposed plan of reorganization (the "Plan") which Plan is annexed hereto as **Exhibit A**. Under the Plan, the Debtor will sell its Property and pay all claims in full in cash at the closing on confirmation. Annexed hereto as Exhibit B is a Contract of Sale and related documentation.

A. SUMMARY OF THE PLAN

THE FOLLOWING IS A BRIEF SUMMARY OF THE PLAN AND SHOULD NOT BE RELIED UPON FOR VOTING PURPOSES. CREDITORS ARE URGED TO READ THE PLAN IN FULL AND TO CONSULT WITH COUNSEL, IF NECESSARY, IN ORDER TO FULLY UNDERSTAND THE PLAN AND ITS IMPACT ON EACH PARTY. THE PLAN IS COMPLEX INASMUCH AS IT REPRESENTS A PROPOSED LEGALLY BINDING AGREEMENT WITH THE DEBTOR, AND AN INTELLIGENT JUDGMENT CONCERNING THE PLAN CANNOT BE MADE WITHOUT UNDERSTANDING IT.

The Plan provides for payment of claims based upon the priorities contained in the Bankruptcy Code. This summary of the Plan, as well as the rest of this Disclosure Statement, contains terms which are defined in Article I of the Plan. Thus, Article I of the Plan should be referred to while reviewing this Disclosure Statement.

B. CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

Class I

Classification: Class I consists of the costs and expenses of administration of the Bankruptcy Case entitled to priority under § 507(a)(2) and allowed under § 503(b) of the Code, and any fees or charges assessed against the Debtor's Estate under Chapter 123, Title 28, United States Code, including the costs of curing any executory contracts and unexpired leases pursuant to § 365 of the Bankruptcy Code, post-petition taxes and professional fees. The Debtor estimates that total administration expenses will equal approximately $100,000.00.

Treatment: Class I Claims shall be paid by the Debtor up to the allowed amount of their claims. The professionals that the Debtor has retained have been the Debtor's counsel, Law Offices of David Carlebach, Esq. ("Carlebach"). Carlebach has been paid a pre-petition retainer by the Debtor of $3,000.00. Carlebach expects that his fees will be approximately an additional $60,000.00 through Confirmation. The Debtor has also retained EisnerAmper as its insolvency accountant. Eisner's fees are estimated to be $25,000.00. In connection with the filing of the Plan herein, the Debtor will pay all of the United States Trustee Fees through confirmation. Class I is an unimpaired Class. Class I claims will be paid by the proceeds of the sale transaction and or/a contribution by the Debtor's principal

Class II

Classification: Class II consists of the secured claim of WF Liberty LLC, or it's subrogee, Tirtza Puretz[2], in the amount of $12,500,000.00, plus appropriate interest.

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[2] Pursuant to the Order of Justice Minardos of the Supreme Court Richmond County, Tirtza Puretz, one of the guarantors of the WF Liberty Mortgage, redeemed the mortgage of WF Liberty for

Treatment: Class II Claims shall be paid in full in cash at closing of the sale transaction contemplated under the Plan. Class II is an un-impaired Class.

Class III

Classification: Class III consists of the secured claim of NCC Capital LLC, in the aggregate amount of $1,601,801.64 plus appropriate interest, which is approximately $3.8 Million dollars.

Treatment: Class III shall be paid in full in cash at the closing of the sale or to an agreed amount between the parties transaction contemplated under the Plan. Class III is an impaired class.

Class IV

Classification: Class IV consists of all allowed Unsecured Claims against the Debtor. These are listed in Schedule F of the Debtor's Schedules, which were filed with the Court on December 8, 2014.

Treatment: Class IV Claims shall be paid in full in cash at closing of the sale transaction through the proceeds of the sale transaction and or/a contribution by the Debtor's principal if necessary.and agreed to by the parties. Class IV is an unimpaired class.

Class V

$12,500,000.00 and thus subrogated to the WF Liberty Mortgage in accordance with applicable New York law.

Classification: Class V consists of the Equity Interests in the Debtor. On the List of Equity Security Holders, the Debtor lists Toby Luria as a 100% equity interest holder of the Debtor.

Treatment: Class V interest holders shall retain their equity interests. Class V is an un-impaired class.

C. JURISDICTION

After Confirmation, the Court will retain jurisdiction to resolve, among other matters, issues relating to objections to Claims.

D. SATISFACTION OF CLAIMS AND INTERESTS & SETOFFS

The treatment of, and consideration, if any, to be received by, holders of Claims and Interests pursuant to the Plan shall be in full and final satisfaction, release and discharge of such Claims or Interests, as the case may be.

The Debtor may, but shall not be required to, set off against any Claim or the payments to be made pursuant to the Plan in respect of such Claim, any claims of any nature whatsoever the Debtor may have against the Creditor, but neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver or release by the Debtor of any such claims or rights that the Debtor may have against such Creditor.

A plan of reorganization does not discriminate unfairly within the meaning of the Bankruptcy Code if no class receives more than it is legally entitled to receive for its Claims or equity interests. "Fair and equitable" has different meanings for Secured and Unsecured Claims.

With respect to a Secured Claim, "fair and equitable" means either:

(a) the impaired Secured Creditor retains its Liens to the extent of its Allowed Claim and receives deferred cash payments at least equal

to the allowed amount of its Claim with a present value as of the Effective Date at least equal to the value of such Creditor's interest in the property securing its Liens;

(b) property subject to the Lien of the impaired Secured Creditor is sold free and clear of that Lien, with that Lien attaching to the proceeds of the sale; or

© the impaired Secured Creditor realizes the "indubitable equivalent" of its Claim under the Plan.

With respect to an Unsecured Claim, "fair and equitable" means either:

(a) each impaired Unsecured Creditor receives or retains property of a value equal to the amount of its Allowed Claim; or

(b) the holders of Claims and Interests that are junior to the Claims of the dissenting class will not receive any property under the Plan.

In the event one or more classes of impaired Claims rejects the Plan, the Court will determine at the Confirmation Hearing whether the Plan is fair and equitable and does not discriminate unfairly against any rejecting impaired class of Claims.

E. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in § 1129(a) or (b) of the Bankruptcy Code. The requirements include 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 § 1129 of the Bankruptcy Code, 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.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder 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 Plan Proponent believes that no classes are impaired and that holders of claims in each class are therefore not entitled to vote to accept or reject the Plan. Notwithstanding. the above, the Debtor proposes to nevertheless send a ballot to the unimpaired secured creditor, although the Debtor as previously stated believes they have no right to vote.

1. *Allowed Claim or Allowed Equity Interest.*

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest 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 or equity interest is not allowed, the creditor or equity interest holder 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.

2. *Impaired Claim or Impaired Equity Interest.*

As noted above, the holder of an allowed claim or allowed equity interest 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 and equity interests are ***not*** entitled to vote:

A. Holders of claims and equity interests that have been disallowed by an order of the Court;
B. Holders of other claims or equity interests that are not "allowed claims" or "allowed equity interests", unless they have been "allowed" for voting purposes.
C. Holders of claims or equity interests in unimpaired classes;
D. Holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Bankruptcy Code;
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 hold 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 (½) 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.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests 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 Bankruptcy 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 or equity interests if it meets all the requirements for consensual confirmation, except the voting requirements of § 1129(a)(8) of the Bankruptcy 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 "cramdown" confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

F. ALTERNATIVES TO THE PLAN

The Debtor believes that the Plan provides Creditors with the best possible value that can be realized on their respective Claims. The principle alternatives to Confirmation of the Plan are: (I) confirmation of an alternative plan submitted by the Debtor or by another party in interest or (ii) liquidation of the Debtor under Chapter 7 of the Bankruptcy Code.

A. **Alternative Chapter 11 Plan**.

If the Plan is not confirmed, the Debtor or a party in interest theoretically could attempt to formulate an alternative Chapter 11 plan. The Debtor believes that, if the Plan is not confirmed, there is a substantial likelihood that any alternative Chapter 11 plan proposed will impair Claims to a far greater degree than the Plan, and may provide for substantially smaller distributions to Creditors on account of General Unsecured Claims. Furthermore, any attempt to formulate an alternative Chapter 11 plan would necessarily delay Creditors' receipt of any initial

distributions to be made and further burden the Debtor's estate with administrative expenses that would further dilute Creditor recoveries. Accordingly, the Debtor believes that the Plan clearly will enable all Creditors to realize the greatest possible recovery on their respective Claims with the least delay.

B. **Liquidation Under Chapter 7**.

If the Plan or any other Chapter 11 plan for the Debtor cannot be confirmed under section 1129(a) or (b) of the Bankruptcy Code, the Chapter 11 Case may be converted to a case under Chapter 7 of the Bankruptcy Code, in which case a trustee would be elected or appointed to Liquidate the assets of the Debtor for distribution to Creditors pursuant to Chapter 7 of the Bankruptcy Code. In the event of a conversion of the Debtor's Chapter 11 Case to a case under Chapter 7 of the Bankruptcy Code, an additional tier of administrative expenses entitled to priority under section 507(a)(2) of the Bankruptcy Code would be incurred. Such administrative expenses would include the Chapter 7 trustee's commissions and would include fees for the trustee's attorneys, accountants, or other professionals retained by the trustee. It is clear that in a distressed sale liquidation of the Debtor's assets, unsecured creditors will receive no distribution on their claims. A liquidation analysis, will be provided to show the estimated distributions to creditors under a Chapter 7 liquidation.

C. **Additional Risks**.

In the event that the Plan is not confirmed or the Chapter 11 Case is converted to a case under Chapter 7 of the Bankruptcy Code, the Debtor believes that such inaction or action, as the case may be, will cause substantial expenses to be incurred by the Debtor and will

otherwise serve only to unnecessarily prolong the Chapter 11 Case and otherwise negatively affect Creditors' recoveries on account of their Claims.

G. TAX CONSEQUENCES

The Debtor has not researched the tax consequences of the Plan to holders of Claims and Interests nor has it requested a ruling from federal, state or local taxing authorities with respect to these matters. There may be federal, state, local or foreign tax considerations applicable to each Creditor or holder of an Interest. EACH CREDITOR AND HOLDER OF AN INTEREST IS URGED TO CONSULT ITS OWN TAX ADVISOR AS TO THE CONSEQUENCES OF THE Plan AND APPLICABLE FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS. The Plan is not intended to result in the forfeiture or compromise of any of the Debtor's tax attributes, all of which are preserved to the extent allowed by applicable law.

CONCLUSION

The acceptances of the holders of all Classes of impaired Claims are hereby solicited. The Debtor believes that Confirmation of the Plan is in the best interests of all Creditors. The Debtor has worked diligently and expeditiously to formulate a Plan that would afford Creditors substantially more than they would receive if the Chapter 11 Case were converted to a liquidation case under Chapter 7 of the Bankruptcy Code. The Debtor believes that the Plan is in the best interests of Creditors and strongly urges all Creditors to vote for the Plan.

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THE DEBTOR SUBMITS THAT THE PLAN COMPLIES IN ALL RESPECTS WITH CHAPTER 11 OF THE BANKRUPTCY CODE, AND RECOMMENDS TO HOLDERS OF CLAIMS AND INTERESTS WHO ARE ENTITLED TO VOTE ON THE PLAN THAT THEY VOTE TO ACCEPT THE PLAN. THE DEBTOR REMINDS SUCH HOLDERS THAT EACH BALLOT, SIGNED AND MARKED TO INDICATE THE HOLDER'S VOTE, MUST BE RECEIVED BY NO LATER THAN 5:00 P.M. E.S.T ON_____, 2016 AT THE FOLLOWING ADDRESS:

Law Offices of David Carlebach, Esq.
55 Broadway, Suite 1902
New York, New York 10006

DATED: New York, New York
November 28, 2016

Respectfully submitted,

LAW OFFICE OF DAVID CARLEBACH, ESQ.
Counsel to the Debtor
55 Broadway, Suite 1902
New York, New York 1006
Tel: (212) 785-3041
Email: david@carlebachlaw.com

By:*s/David Carlebach*_____
David Carlebach (DC-7350)

*/s/ Toby Luria*_____
Member