

Law Office of Michael Resnick
270 North Avenue, Suite 811
New Rochelle, New York 10801
(646) 599-1359
michael@resnicklawyer.com
Attorney for Debtor and Debtor in Possession

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

_____x

Chapter 11

Case No. 1:15-42018-cec

In re:

Kum Gang, Inc.

Debtor.

_____x

THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE AMENDED PLAN. ACCEPTANCES OR REJECTIONS 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 BEEN APPROVED BY THE COURT.

FOURTH AMENDED DISCLOSURE STATEMENT WITH RESPECT TO THE FOURTH AMENDED PLAN OF REORGANIZATION FOR KUM GANG, INC.

I. INTRODUCTION

A. General

Kum Gang, Inc. (the "Debtor"), submits this amended disclosure statement (the "Fourth Amended Disclosure Statement") pursuant to section 1125 of title 11 of the United State Code, 11 U.S.C. §§ 101-1330 (the "Bankruptcy Code") in connection with the solicitation of acceptances or rejections of the Fourth Amended Plan of Reorganization for Kum Gang, Inc.,

dated September 23, 2016 (the "Fourth Amended Plan"), a copy of which is annexed hereto as Exhibit "A." The Amended Plan has been filed with the United States Bankruptcy Court for the Eastern District of New York (the "Court"). Capitalized terms used and not defined in this Disclosure Statement have the meaning ascribed to them in the Plan.

THIS FOURTH AMENDED DISCLOSURE STATEMENT IS NOT INTENDED TO REPLACE CAREFUL AND DETAILED REVIEW AND ANALYSIS OF THE FOURTH AMENDED PLAN BY EACH HOLDER OF A CLAIM ENTITLED TO VOTE THEREON, BUT IS INTENDED TO AID AND SUPPLEMENT SUCH REVIEW. THE DESCRIPTION OF THE FOURTH AMENDED PLAN HEREIN IS A SUMMARY ONLY AND HOLDERS OF CLAIMS AND OTHER PARTIES IN INTEREST ARE CAUTIONED TO REVIEW THE FOURTH AMENDED PLAN ITSELF TO UNDERSTAND COMPLETELY ITS PROVISIONS. THIS FOURTH AMENDED DISCLOSURE STATEMENT IS QUALIFIED ENTIRELY BY REFERENCE TO THE FOURTH AMENDED PLAN. THE TERMS OF THE FOURTH AMENDED PLAN CONTROL WHERE ANY INCONSISTENCY EXISTS BETWEEN THE FOURTH AMENDED PLAN AND THIS FOURTH AMENDED DISCLOSURE STATEMENT.

This Fourth Amended Disclosure Statement and the Fourth Amended Plan remain subject to modification and amendment. All financial information provided herein constitutes, and all projections and assertions made by the Debtor herein are based on, the best information available to the Debtor as of the date of the filing of this Fourth Amended Disclosure Statement and remain subject to revision. The Debtor will provide any missing information indicated as missing on or before the date of the hearing on the Fourth Amended Disclosure Statement, such other date as set forth in the Fourth Amended Plan, or as otherwise directed by the Court. The Debtor has moved this Court for an order, to be entered immediately prior to an order confirming the Fourth Amended Plan, approving this Fourth Amended Disclosure Statement as containing "adequate information" to enable a hypothetical, reasonable investor typical of the Holders of Claims in the Voting Classes (as hereinafter defined) to make an informed judgment as to whether to accept or reject the Fourth Amended Plan.

B. Overview

The Debtor leases certain improved real property located at 138-28 Northern Blvd., Flushing, NY 11354 (the "Leased Property"). The Debtor's Plan is premised upon (a) the Bankruptcy Court's approval of the Debtor's assumption of the unexpired term of the lease, and (b) the continued operation by the Debtor of a restaurant, banquet hall and catering operations in the Leased Premises in the ordinary course of business as the Debtor deems appropriate in the exercise of its business judgment and as necessary to comply with the payment scheme in the Plan.

C. Voting

Holders of Claims in the Classes that are "impaired" under the Fourth Amended Plan will receive ballots for the acceptance or rejection of the Fourth Amended Plan. A Class of Claims is generally considered "impaired" under section 1124 of the Bankruptcy Code if, with respect to each Claim of such Class, the Fourth Amended Plan alters the legal, equitable or contractual rights to which such Claim entitles the Holder thereof. For example, Class 1 comprises the Secured Claims of Noah Bank and TD Auto Finance LLC, which are "unimpaired" and therefore said secured creditors are not entitled to vote on the Fourth Amended Plan. Class 3 comprises the unsecured claims of several creditors, whose claims are "impaired;" therefore, they are entitled to vote on the Fourth Amended Plan. Your vote on the Fourth Amended Plan is important. Pursuant to the Bankruptcy Code, in order for a plan of reorganization to be accepted by classes of claims entitled to vote thereon, holders of claims entitled to vote holding at least two-thirds in dollar amount and more than one-half in number of the total claims allowed for voting purposes in such class, and who actually vote to accept or reject the plan, must vote to accept the plan. To simplify the voting procedure, the Debtor has sent ballots to all known Holders of Impaired

Claims, including Holders of Disputed Claims and Claims to which the Debtor has not yet objected but may be objected to in the future. The Bankruptcy Code provides that only holders of "allowed claims" and "allowed interests" may vote on a plan. A Claim to which an objection has been filed is a Disputed Claim and not an Allowed Claim, unless the Court denies such objection (in whole or in part) or temporarily allows the Disputed Claim for the purpose of voting on the Fourth Amended Plan.

If you hold a Claim in a Voting Class, after carefully reviewing the Fourth Amended Plan and Fourth Amended Disclosure Statement, please indicate your vote with respect to the Plan on the ballot provided and return it to the offices of Kum Gang, Inc. c/o Law Office of Michael Resnick, 270 North Avenue, Suite 811, New Rochelle, New York 10801, **IN ORDER TO BE COUNTED, BALLOTS MUST BE RECEIVED BY _____, 2016.**

In voting for or against the Fourth Amended Plan, please use only the ballot sent to you.
**IF A BALLOT IS DAMAGED OR LOST, OR IF YOU HAVE ANY QUESTIONS
CONCERNING VOTING PROCEDURES, YOU MAY CONTACT:**

Kum Gang, Inc.
c/o Law Office of Michael Resnick
270 North Avenue, Suite 811
New Rochelle, New York 10801
(646) 599-1399
michael@resnicklawyer.com

D. Confirmation Hearing

Pursuant to section 1129(a) of the Bankruptcy Code, the Debtor will seek confirmation of the Fourth Amended Plan. The Court has scheduled a hearing to consider confirmation of the Plan on October 26, 2016 at 2:00 p.m. before the Honorable Carla E. Craig in Courtroom 3529 of the United States Bankruptcy Court for the Eastern District of New York, 271 Cadman Plaza

East, Brooklyn, NY 11201-1800. The hearing may be adjourned from time to time without notice.

E. Recommendation

THE DEBTOR BELIEVES THAT THE FOURTH AMENDED PLAN IS FAIR AND THAT CONFIRMATION THEREOF IS IN THE BEST INTERESTS OF ALL CREDITORS.

The Debtor believes that if the case were converted to one under chapter 7, the Holders in Class 3 (holders of unsecured allowed claims) would receive no distribution at all. CONSEQUENTLY, THE DEBTOR RECOMMENDS THAT YOU VOTE TO ACCEPT THE FOURTH AMENDED PLAN.

F. Summary of the Plan's Classification and Treatment of Claims and Interests and Distribution Provisions

The Fourth Amended Plan provides that distributions will be made only to Holders of Allowed Claims. The distribution for each Allowed Claim is calculated through reference to the treatment of the Class to which such Claim belongs. The Allowed Claims which comprise the same Class will be treated the same under the Fourth Amended Plan. The following sets forth a brief summary of the classification and treatment of Claims and Interests and the consideration distributable to the Holders of such Claims and Interests under the Fourth Amended Plan. The information set forth is for convenience of reference only. Each Holder of a Claim or Interest should refer to section IV.C. hereof ("Classification and Treatment of Claims and Interests") and Articles III and IV of the Fourth Amended Plan ("Classification of Claims and Interests" and "Treatment of Classes of Claims and Interests") for a full understanding of the classification and treatment of Claims and Interests provided under the Fourth Amended Plan. The estimates set forth may differ from actual distributions by reason of, among other things, variations in the

amounts of Allowed Claims, and the existence of Disputed Claims. Unless otherwise noted, these estimates are as of the bar date set for filing proof of claims.

1. Administrative Claims (Other than Professional Fee Claims)

Except as otherwise provided for herein, and subject to the requirements of this Fourth Amended Plan, on, or as reasonably practicable after the later of (i) the Initial Distribution Date immediately following the date on which an Administrative Claim becomes an Allowed Administrative Claim, the Holder of such Allowed Claim, shall receive, in full settlement, satisfaction, release and discharge of and in exchange for such Allowed Administrative Claim (a) Cash equal to the unpaid portion of the Face Amount of such Allowed Administrative Claim or (b) such other less favorable treatment as to which the Debtor, Reorganized Debtor and such Holder shall have agreed in writing; provided however, that Allowed Administrative Claims with respect to liabilities incurred by the Debtor in the ordinary course of business during the Chapter 11 Case shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreement relating thereto.

Notwithstanding any provisions in the Fourth Amended Plan regarding payment of Administrative Claims to the contrary, and without waiver of any arguments available that such Claim is already time-barred by prior orders of the Bankruptcy Court and except for liabilities incurred by Debtor in the ordinary course of business during the Chapter 11 Case including but not limited to Post Petition Trade Debt, all Administrative Claims required to be filed by the Administrative Claim Bar Date shall be deemed disallowed and discharged. As provided herein, the Administrative Claims/Priority Claims Account will include funds sufficient to cover the aggregate asserted amount of all Disputed Administrative Claims. Without

limiting the foregoing, all fees payable under 28 U.S.C. section 1930 that have not been paid, shall be paid on or before the Effective Date.

2. Professional Fee Claims

The Reorganized Debtor shall pay Professionals from the Professional Fee Account all of their respective accrued and allowed fees and reimbursement of expenses arising prior to the Effective Date.

The Bankruptcy Court must rule on and allow all Professional Fee Claims before the fees will be owed and paid. For all pre-Effective Date Professional Fee Claims, except Bankruptcy Clerk's Office fee and U.S. Trustee's fees, the Professional in question must file and serve a properly noticed final fee application and the Bankruptcy Court must rule on the application. Only the amount of fees and expenses Allowed by the Bankruptcy Court will be owed and required to be paid under the Fourth Amended Plan. The Reorganized Debtor may retain and compensate professionals for services rendered following the Effective Date without order of the Bankruptcy Court. Professionals requesting compensation or reimbursement of expenses pursuant to sections 327, 328, 330, 331, 503(b) and 1103 of the Bankruptcy Code for services rendered prior to the Effective Date must file and serve pursuant to the notice provisions of the Bankruptcy Rules, and application for final allowance of compensation and reimbursement of expenses not later ninety (90) days after the Effective Date. All such applications for final allowance of compensation and reimbursement of expenses will be subject to the authorization and approval of the Bankruptcy Court. Holders of Administrative Claims (including without limitation Professionals) requesting compensation reimbursement of such expenses pursuant to sections 327, 328, 330, 331, 503(b) and 1103 of the Bankruptcy Code that do not file

such requests by the applicable deadline provided for herein shall be forever barred from asserting such claim against the Debtor, the Estate, Reorganized Debtor, or their successors, their assigns or their property. Any objection to Professional Fee Claims shall be filed on or before the objections deadline specified in the application for final compensation or order of the Bankruptcy Court; provided that such objection deadline is at least (20) days after the filing and service of such final application.

3. Priority Tax Claims

Except to the extent that an Allowed Priority Tax Claim has been paid prior to the Initial Distribution Date, each Holder of an Allowed Priority Tax Claim shall be entitled to receive, full satisfaction, settlement releases, and discharge of and in exchange for such Allowed Priority Tax Claim, as shall have been determined by the Debtor in its sole discretion, (i) on the Initial Distribution Date, Cash equal to the unpaid portion of such Allowed Priority Tax Claim, or (ii) such other less favorable treatment as to which the Debtor, Reorganized Debtor and such Holder shall have agreed to in writing. If and to the extent the aggregate amount of an Allowed Priority Tax Claim exceeds amounts initially deposited in the Administrative Claims/Priority Claims Account for payment of such Claims, Allowed Priority Tax Claim will be paid by the Reorganized Debtor.

4. Secured Claim of Noah Bank

Noah Bank shall hold an allowed secured claim in the principal amount of \$852,785.44, which shall continue to be paid by the Debtor with interest at the rate of 5.75% per annum over the remaining term of the loan, which expires on October 7, 2024. Commencing the first day of the first full month following the Effective Date, the Debtor will make monthly payments of principal and interest to Noah Bank in the

amount of \$10,296.50. Monthly payments shall be due on or before the first day of the month for which such payment is due and shall be paid no later than 15 days after the date when due at the address provided for payment pursuant to the Noah Bank Loan Documents (as defined in the Disclosure Statement) or as otherwise directed by Noah Bank in writing. The Debtor may pay the Noah Bank Class 1 claim as modified herein at any time prior to the due date and satisfy the Noah Bank secured claim as provided herein. The Noah Bank Loan Documents shall remain in full force and effect. This class is unimpaired and is, therefore, not entitled to vote on the Debtor's Plan.

5. Secured Claim of TD Auto Finance LLC

TD Auto Finance LLC shall hold an allowed secured claim in the principal amount of \$30,826.39, relating to the financing of a 2015 Ford Transit (V.I.N. 1FTNR2ZMXFKA39995) used in the operation of Debtor's business. The Debtor shall continue to make monthly payments of \$559.35 on its Retail Installment Contract entered into on February 9, 2015, calling for monthly principal and interest payment to be made, at 2.9% interest, over the remaining balance of the sixty (60) month term.

6. Priority Tax Claims (Bankruptcy Code §507(a)(8))

The NYS Department of Taxation and Finance filed a priority claim totaling \$300.00. This claim will be paid in full within thirty (30) days after the effective date of the Fourth Amended Plan.

The NYS Department of Labor filed a priority claim totaling \$3,096.33. This claim will be paid in full within thirty (30) days after the effective date of the Fourth Amended Plan.

7. General, Unsecured Claims

The Debtor owes unsecured creditors the sum of \$3,574,497.52. This Class will be

paid Nine and 9218/100000 percent (9.09218%) of their claims, for a total of \$325,000, on the Effective Date of the Fourth Amended Plan. The Unsecured Judgment Creditors' pro rata share of the \$325,000 (based on the full amount of their asserted claim(s)) will be allocated to the liquidated damages portion of the award judgment as opposed to back pay, and based on the operation of section 1141(d)(1)(A) of the Bankruptcy Code, the Unsecured Judgment Creditors' claims against the Debtor will be discharged upon the effective date of the plan. This class is impaired and is entitled to vote on the Debtor's Plan.

8. Equity Interests in the Debtor

Ji Sung Yoo, who is the sole shareholder of the Debtor, shall retain 85% of the equity in the Reorganized Debtor and shall continue to operate the Debtor's business. However, Mr. Yoo will not receive any post-confirmation compensation or dividend on account of his pre-petition equity interest in the Debtor unless and until the unsecured class of creditors entitled to payment under the Amended Plan have received payment in full of their allowed, pre-petition claims under the Amended Plan. Once this class of unsecured creditors has received payment in full of their allowed, pre-petition claims under the Amended Plan, then and only then will Mr. Yoo begin receiving a gross salary of \$2000 per week, which was the amount that he was receiving pre-petition. This class is impaired and is entitled to vote on the Debtor's Plan.

Upon approval of the Fourth Amended Plan, Mr. Je Sang Yu, an outside investor with no relation or affiliation to the Debtor or to the Debtor's sole owner, Mr. Yoo, shall make a new equity cash investment of \$325,000 to the Reorganized Debtor in exchange for 15% of the equity in the Reorganized Debtor. This cash investment will enable the Reorganized Debtor to meet its financial obligations to the unsecured creditors under the Amended Plan. The entire sum of \$325,000 in new equity cash investment has been transferred by Mr. Yu to the

JPMorgan Chase Bank attorney trust account of the Law Office of Michael Resnick, where it is being held in escrow and will be available for distribution on the Effective Date, pending approval of the Amended Plan.

Mr. Yu, whose address is 195-05A 66th Avenue, #2C, Fresh Meadows, NY 11365, will have no role in the post-confirmation operation and management of the Reorganized Debtor, nor will Mr. Yu receive any compensation from the Reorganized Debtor as an employee or otherwise. Mr. Yu will only receive net profits correlating to his 15% equity in the Reorganized Debtor only after all of the Debtor's unsecured creditors are paid in full pursuant to the Fourth Amended Plan of Reorganization, and provided that the Reorganized Debtor remains current in its payment obligations to all secured creditors in the Amended Plan.

9. Leases and Executory Contracts

The Debtor's unexpired lease with the landlord of the property, Kit Realty Inc., shall continue unimpaired.

10. 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.

Confirmation may have federal income tax consequences for the Debtor and Creditors. The Debtor has not obtained, and does not intend to request, a ruling from the Internal Revenue Service (the "IRS"), nor has the Debtor obtained an opinion of counsel with respect to any tax matters. Any federal income tax matters raised by confirmation of the Fourth Amend Plan are governed by the Internal Revenue Code and the regulations promulgated thereunder. Creditors are urged to consult their own counsel and tax advisors as to the consequences to them, under federal and applicable state, local and foreign tax

laws, of the Fourth Amended Plan.

a. Tax Consequences to the Debtor

The Debtor may not recognize income as a result of the discharge of debt pursuant to the Fourth Amended Plan because Section 108 of the Internal Revenue Code provides that taxpayers in bankruptcy proceedings do not recognize income from discharge of indebtedness. However, a taxpayer is required to reduce its “tax attributes” by the amount of the debt discharged. Tax attributes are reduced in the following order: (i) net operating losses; (ii) general business credits; (iii) capital loss carryovers; (iv) basis in assets; (v) passive activity loss and credit carryovers; and (vi) foreign tax credit carryovers.

b. Tax Consequences to Unsecured Creditors

An unsecured creditor that receives cash in satisfaction of its Claim may recognize gain or loss, with respect to the principal amount of its Claim, equal to the differences between (i) the creditor’s basis in the Claim (other than the portion of the Claim, if any, attributable to accrued interest), and (ii) the balance of the cash received after any allocation to accrued interest. The character of the gain or loss as capital gain or loss, or ordinary income or loss, will generally be determined by whether the Claim is a capital asset in the creditor’s hands. A creditor may also recognize income or loss in respect of consideration received for accrued interest on the Claim. The income or loss will generally be ordinary, regardless of whether the creditor’s Claim is a capital asset in its hands.

11. Condition Precedent to the Consummation of the Fourth Amended Plan

The following is a condition precedent to the consummation of the Plan and the occurrence of the Effective Date:

The Confirmation Order shall have been entered and shall have become a Final Order.

ONLY HOLDERS OF ALLOWED CLAIMS WILL RECEIVE DISTRIBUTIONS UNDER THE PLAN. SUCH DISTRIBUTIONS ARE IN FULL SETTLEMENT OF ALL RIGHTS OF THE HOLDERS OF SUCH ALLOWED CLAIMS, AND SUCH HOLDERS WILL NOT BE ENTITLED TO PURSUE ANY SUCH RIGHTS AS AGAINST THE DEBTOR.

II. BACKGROUND OF THE DEBTOR AND EVENTS LEADING TO THE FILING OF THE CHAPTER 11 PETITION

A. Procedural History

On April 30, 2015 (the “Petition Date”), Kum Gang, Inc. (the “Debtor”) filed a voluntary petition under chapter 11 of title 11 of the United States Code, as amended from time to time (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Eastern District of New York (the “Bankruptcy Court”).

On April 6, 2015, final judgments (the “Judgments”) were entered by the United States District Court of the Southern District of New York (the “District Court”) against the Debtor and in favor of Tae H. Kim, Young M. Choi, Dong M. Ju, Hong S. Kim, Yoon C. Kim, Chul G. Park, Jin H. Park, Eutemio Morales, Jong H. Song, Zhe Y. Shen, and R. Julian Ventura (collectively, the “Judgment Creditors”) in the litigation entitled *Tae H. Kim et al., v. Kum Gang, Inc. et al.*, 12 Civ. 6344 (MHD) (the “Lawsuit”). The Debtor was found jointly and severally liable to all of the Judgment Creditors in the total amount of \$2,683,263.90 for redress for violations of the federal Fair Labor Standards Act, 29 U.S.C. § 201 et seq. (“FLSA”), New York Labor Law § 190 et seq. (“NYLL”) and New York Codes, Rules and Regulations title 12 §§ 146-1.6 (“N.Y.C.R.R.”). The Judgment Creditors (collectively, the “Claimants,” each, a “Claimant”) hereby assert a collective unsecured claim (the “Claim”) in the amount of \$3,449,517.07.

III. PLAN DESCRIPTION

A. Introduction

THE FOLLOWING IS A SUMMARY OF THE MATTERS CONTEMPLATED TO

OCCUR EITHER PURSUANT TO OR IN CONNECTION WITH THE FOURTH AMENDED PLAN. THIS FOURTH AMENDED DISCLOSURE STATEMENT ONLY HIGHLIGHTS THE SUBSTANTIVE PROVISIONS OF THE FOURTH AMENDED PLAN AND IS NOT, NOR IS IT INTENDED TO BE, A COMPLETE READING OF THE FOURTH AMENDED PLAN. STATEMENTS REGARDING PROJECTED AMOUNTS OF CLAIMS OR DISTRIBUTIONS ARE ESTIMATES BY THE DEBTOR BASED ON CURRENT INFORMATION AND ARE NOT A REPRESENTATION THAT THESE AMOUNTS WILL ULTIMATELY BE CORRECT. THIS FOURTH AMENDED DISCLOSURE STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FOURTH AMENDED PLAN ANNEXED AS EXHIBIT "A" HERETO.

B. Treatment of Administrative Expense Claims

In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims have not been classified in the Fourth Amended Plan and are to be treated as discussed below.

1. Administrative Claims (Other Than Professional Fee Claims)

Except as otherwise provided for herein, and subject to the requirements of the Fourth Amended Plan, on, or as reasonably practicable after the later of (i) the Initial Distribution Date or (ii) the Distribution Date immediately following the date on which an Administrative Claim becomes an Allowed Administrative Claim, the Holder of such Allowed Administrative Claim (other than Professional Fee Claims) shall receive, in full settlement, satisfaction, release and discharge of and in exchange for such Allowed Administrative Claim (a) Cash equal to the unpaid portion of the Face Amount of such Allowed Administrative Claim or (b) such other less favorable treatment as to which the Debtor, Reorganized Debtor and such Holder shall have agreed to in writing; provided however, that Allowed Administrative Claims with respect to liabilities incurred by the Debtor in the ordinary course of business during the Chapter 11 Case shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.

Notwithstanding any provision in the Fourth Amended Plan regarding payment of Administrative Claims to the contrary, and without waiver of any argument available that such Claim is already time barred by prior orders of the Bankruptcy Court and except for liabilities incurred by the Debtor in the ordinary course of business during the Chapter 11 Case including but not limited to Post Petition Trade Debt, all Administrative Claims required to be Filed and not Filed by the Administrative Claim Bar Date shall be deemed disallowed and discharged. As provided herein, the Administrative Claims/Priority Claims Account will include funds sufficient to cover the aggregate asserted amount of all Disputed Administrative Claims. Without limiting the foregoing, all fees payable under 28 U.S.C. § 1930 that have not been paid, shall be paid on or before the Effective Date.

2. Professional Fee Claims

The Reorganized Debtor shall pay Professionals from the Professional Fees Account all of their respective accrued and Allowed fees and reimbursement of expenses arising prior to the Effective Date. The Bankruptcy Court must rule on and allow all Professional Fee Claims before the fees will be owed and paid. For all pre-Effective Date Professional Fee Claims, except Bankruptcy Clerk's Office fees and U.S. Trustee's fees, the Professional in question must file and serve a properly noticed final fee application and the Bankruptcy Court must rule on the application. Only the amount of fees and expenses Allowed by the Bankruptcy Court will be owed and required to be paid under the Plan.

The Reorganized Debtor may retain and compensate professionals for services rendered following the Effective Date without order of the Bankruptcy Court. Professionals requesting compensation or reimbursement of expenses pursuant to sections 327, 328, 330, 331, 503(b) and 1103 of the Bankruptcy Code for services rendered prior to the Effective Date must File and serve pursuant to the notice provisions of the Bankruptcy Rules, an application for final

allowance of compensation and reimbursement of expenses not later than ninety (90) days after the effective Date. All such applications for final allowance of compensation and reimbursement of expenses will be subject to the authorization and approval of the Bankruptcy Court. Holders of Administrative Claims (including, without limitation, Professionals) requesting compensation or reimbursement of such expenses pursuant to sections 327, 328, 330, 331, 503(b) and 1103 of the Bankruptcy Code that do not file such requests by the applicable deadline provided for herein shall be forever barred from asserting such claims against the Debtor, the Estate, Reorganized Debtor, or their successors, their assigns or their property. Any objection to Professional Fee Claims shall be filed on or before the objection deadline specified in the application for final compensation or order of the Bankruptcy Court; provided that such objection deadline is at least twenty (20) days after the filing and service of such final fee application.

C. Classification and Treatment of Claims and Equity Securities

Classified Claims against, and Equity Securities in, the Debtor are described below. A Claim or Equity Securities will be deemed classified in a particular Class only to the extent that such Claim or Interest qualifies within the description of that Class and will be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Securities qualifies within the description of such different Class.

DISTRIBUTIONS TO HOLDERS OF ALLOWED CLAIMS UNDER THE FOURTH AMENDED PLAN ARE IN FULL SETTLEMENT OF ALL RIGHTS OF THE HOLDERS OF SUCH ALLOWED CLAIMS AND SUCH HOLDERS WILL NOT BE ENTITLED TO PURSUE ANY SUCH RIGHTS AS AGAINST THE DEBTOR AS DEFINED IN THE PLAN.

The Plan provides for the division of Claims into the following Classes:

1. *Class 1 – Secured Claims.*

a. Noah Bank.

Noah Bank shall hold an allowed secured claim in the principal amount of \$852,785.44, which shall continue to be paid with interest at the rate of 5.75% per annum over the remaining term of the loan, which expires on October 7, 2024. Commencing the first day of the first full month following the Effective Date, the Debtor will make monthly payments of principal and interest to Noah Bank in the amount of \$10,296.50. Monthly payments shall be due on or before the first day of the month for which such payment is due and shall be paid no later than 15 days after the date when due at the address provided for payment pursuant to the Noah Bank Loan Documents (as defined in the Disclosure Statement) or as otherwise directed by Noah Bank in writing. The Debtor may pay the Noah Bank Class 1 claim as modified herein at any time prior to the due date and satisfy the Noah Bank secured claim as provided herein. The Noah Bank Loan Documents shall remain in full force and effect. This class is unimpaired and is, therefore, not entitled to vote on the Debtor's Plan.

b. TD Auto Finance LLC

TD Auto Finance LLC shall hold an allowed secured claim in the principal amount of \$30,826.39, relating to the financing of a 2015 Ford Transit (V.I.N. 1FTNR2ZMXFKA39995) used in the operation of Debtor's business. The Debtor entered into a Retail Installment Contract on February 9, 2015, to be paid with 2.9% interest thereon over a sixty (60) month term. Commencing the first day of the first full month following the Effective Date, the Debtor will make monthly payments of principal and interest to TD Auto Finance LLC in the amount of \$ \$559.35. Monthly payments shall be due on or before the first day of the month for which such payment is due and shall be paid no later than 15 days after the date when due at the address provided for payment pursuant

to the TD Auto Finance LLC Retail Installment Contract Documents or as otherwise directed by TD Auto Finance LLC in writing. The Debtor may pay the TD Auto Finance LLC Class 1 claim as modified herein at any time prior to the due date and satisfy the TD Auto Finance LLC secured claim as provided herein. The TD Auto Finance LLC Retail Installment Contract Documents shall remain in full force and effect. This class is unimpaired and is, therefore, not entitled to vote on the Debtor's Plan.

Class 2 - Priority Claims

The NYS Department of Taxation and Finance filed a priority claim totaling \$300.00. This claim will be paid in full within thirty (30) days after the effective date of the Amended Plan. The NYS Department of Labor filed a priority claim totaling \$3,096.33. This claim will be paid in full within thirty (30) days after the effective date of the Amended Plan.

This class is unimpaired and is not entitled to vote on the plan.

Class 3. General, Unsecured Claims

The Debtor owes unsecured creditors the sum of \$3,577,797.13. These claims include (a) a claim by Empire Merchants LLC for \$3299.61; a claim by Han Sung Sikpoon Trading Corp for \$72,903.50; a claim by Plaintiffs in Tae H. Kim et al v. Kum Gang Inc. in the amount of \$3,449,517.07; a claim by Consolidated Edison Company of New York, Inc. in the amount of \$2076.95; and a claim by Manuel Guazhoo in the amount of \$50,000.

This Class will be paid Nine and 9218/100000 percent (9.09218%) of their claims, for a total of \$325,000, on the Effective Date. This class is impaired and is entitled to vote on the Debtor's Plan. The Unsecured Judgment Creditors' pro rata share of the \$325,000 (based on the full amount of their asserted claim(s)) will be allocated to the liquidated damages portion of the award judgment as opposed to back pay, and based on the operation of section 1141(d)(1)(A) of the Bankruptcy Code, the Unsecured Judgment Creditors' claims against

the Debtor will be discharged upon the effective date of the plan. This class is impaired and is entitled to vote on the Debtor's Plan.

Class 4. Equity Interests in the Debtor

Ji Sung Yoo, who is the sole shareholder of the Debtor, shall retain 85% of the equity in the Reorganized Debtor and shall continue to operate the Debtor's business. However, Mr. Yoo will not receive any post-confirmation compensation or dividend on account of his pre-petition equity interest in the Debtor unless and until the unsecured class of creditors entitled to payment under the Amended Plan have received payment in full of their allowed, pre-petition claims under the Amended Plan. Once this class of unsecured creditors has received payment in full of their allowed, pre-petition claims under the Amended Plan, then and only then will Mr. Yoo begin receiving a gross salary of \$2000 per week, which was the amount that he was receiving pre-petition. This class is impaired and is entitled to vote on the Debtor's Plan.

Upon approval of the Fourth Amended Plan, Mr. Je Sang Yu, an outside investor with no relation or affiliation to the Debtor or to the Debtor's sole owner, Mr. Yoo, shall make a new equity cash investment of \$325,000 to the Reorganized Debtor in exchange for 15% of the equity in the Reorganized Debtor. This cash investment will enable the Reorganized Debtor to meet its financial obligations to the unsecured creditors under the Plan. The entire sum of \$325,000 in new equity cash investment has been transferred by Mr. Yu to the JPMorgan Chase Bank attorney trust account of the Law Office of Michael Resnick, where it is being held in escrow and will be available for distribution on the Effective Date, pending approval of the Amended Plan.

Mr. Yu will have no role in the post-confirmation operation and management of the

Reorganized Debtor, nor will Mr. Yu receive any compensation from the Reorganized Debtor as an employee or otherwise. Mr. Yu will only receive net profits correlating to his 15% equity in the Reorganized Debtor only after all of the Debtor's unsecured creditors are paid in full pursuant to the Fourth Amended Plan of Reorganization, and provided that the Reorganized Debtor remains current in its payment obligations to all secured creditors in the Amended Plan.

Class 5 - Leases and Executory Contracts.

The Debtor's unexpired lease with the landlord of the property, Kit Realty Inc., shall continue unimpaired. The Debtor shall continue to pay all of its obligations under the lease, and will also pay all pre-petition amounts due under the lease to the extent that revenues and cash flow permit.

1. Revesting of Assets

As of the Effective Date, all property of Debtor shall be free and clear of all Claims, Liens and other interests, except for Liens preserved for Noah Bank and TD Auto Finance LLC. As of the Effective Date, except for those Liens preserved as specifically provided in the Fourth Amended Plan, all mortgages, deeds of trust, Liens or security interests in any property of the Estate will be released and all the right, title and interest of any Holder of any such mortgages, deeds of trust, Liens or security interests shall be canceled, annulled, terminated and become null and void. Debtor and Reorganized Debtor shall be authorized to act as attorney-in-fact for any such Holder to cause all public records to properly reflect and effectuate this provision. If the Confirmation Order is ever reversed or revoked, this provision of the Fourth Amended Plan shall become null and void, and all Liens existing before the Confirmation Date shall be revived.

2. Prior to the Effective Date

The Confirmation Order shall empower and authorize the Debtor to take or cause to be taken, prior to the Effective Date, all actions which are necessary to enable it to implement

effectively the provisions of the Fourth Amended Plan, and any other agreements related to and incident thereto.

3. Funding of Plan Distributions

Distributions to be made pursuant to the Amended Plan will be made available from new equity cash investment in the amount of \$325,000 provided by Mr. Je Sang Yu, the new equity investor in the Reorganized Debtor.

4. Continuation of Business

After the Effective Date, the Debtor as the Reorganized Debtor will continue to serve as Debtor in Possession with all powers necessary to implement the Fourth Amended Plan.

5. Distributions

a. Distributions for Claims Allowed as of the Effective Date

Except as otherwise provided in the Amended Plan, or as may be ordered by the Bankruptcy Court, Distributions on account of those Claims that are Allowed as of the Effective Date and are entitled to receive Distributions under the Amended Plan, shall be made by the Reorganized Debtor on the Initial Distribution Date and on such subsequent Distribution Dates as set forth in the Fourth Amended Plan. Distributions on account of Claims that become Allowed after the Effective Date shall be made on the next subsequent Distribution Date, in each case without interest. Notwithstanding anything herein to the contrary, funds contained in the Administrative Claims/Priority Claims Account and the Professional Fees Account may not be commingled or used for the payment of any Allowed Claim other than (i) Allowed Administrative Claims and Allowed Priority Claims with respect to the Administrative Claims/Priority Claims Account and (ii) Allowed Professional Fee Claims with respect to the Professional Fees Account.

After payment of the Allowed Administrative Claims, Allowed Priority Claims and Allowed Professional Fee Claims, as the case may be, in accordance with the Fourth Amended Plan, all of the remaining funds in the Administrative Claims/Priority Claims Account and the Professional Fees Account shall be and revested in the Reorganized Debtor free and clear of all Claims.

At the close of business on the Distribution Record Date, the claims register for all Claims shall be closed, and there shall be no further changes in the record holders of such Claims. Except as provided herein, the Debtor, Reorganized Debtor, and each of their respective agents, successors, and assigns shall have no obligation to recognize any transfer of Claims occurring after the Distribution Record Date and shall be entitled instead to recognize and deal for all purposes hereunder with only those record holders stated on the claims register as of the close of business on the Distribution Record Date irrespective of the number of Distributions to be made under the Fourth Amended Plan to such Entities on the date of such Distributions.

b. Distributions; Causes of Action

If, as a result of the pursuit of any Causes of Action, a Claim would arise from a recovery pursuant to section 550 of the Bankruptcy Code after Distributions under the Fourth Amended Plan have commenced, the Reorganized Debtor shall be permitted to reduce the recovery by an amount that reflects the value of the treatment that would have been accorded to the Claim under the Fourth Amended Plan, thereby effectively treating the Claim through the reduction.

c. Manner of Payment

Any payment of Cash made under the Fourth Amended Plan may be made either by check drawn on a domestic bank, by wire transfer, or by automated clearing house transfer from a domestic bank, at the option of the Reorganized Debtor. The Reorganized Debtor in making Distributions under the Fourth Amended Plan, shall comply with applicable tax withholding and

reporting requirements imposed by any governmental unit, and all Distributions made pursuant to the Fourth Amended Plan shall be subject to such withholding and reporting requirements. The Reorganized Debtor, may withhold the entire Distribution due to any Holder of an Allowed Claim until such time as such Holder provides the Reorganized Debtor with the necessary information to comply with any reporting and withholding requirements of any governmental unit. Any funds so withheld will then be paid by the Reorganized Debtor to the appropriate authority. If the Holder of an Allowed Claim fails to provide to the Reorganized Debtor the information necessary to comply with any reporting and withholding requirements of any governmental unit within thirty (30) days from the date of first notification by the Reorganized Debtor to the Holder of such Allowed Claim about the need for such information or for the Cash necessary to comply with any applicable withholding requirements, then the Holder's Distribution shall be treated as an undeliverable Distribution in accordance with Article VIII of the Fourth Amended Plan. Notwithstanding anything in the foregoing to the contrary, no Distribution to any Unsecured Judgment Creditor shall be treated as an undeliverable Distribution under the Plan unless and until (i) 180 days have elapsed following providing notice in writing of the need for such information to counsel for the Unsecured Judgment Creditors, and (ii) the Reorganized Debtor has not received either (A) the information necessary to comply with any reporting and withholding requirements of any governmental unity, or (B) an instruction from counsel to the Unsecured Judgment Creditors to make the applicable Distribution to it on the applicable Unsecured Judgment Creditor's behalf. Until such time, counsel for the Reorganized Debtor shall retain the funds required to make Distributions to any such Unsecured Judgment Creditors in an escrow account to which the Reorganized Debtor will have no access.

d. Transmittal of Distributions to Parties Entitled Thereto

All Distributions by check shall be deemed made at the time such check is duly deposited

in the United States mail, postage prepaid. All Distributions by wire transfer shall be deemed made as of the date the Federal Reserve or other wire transfer is made. Except as otherwise agreed with the Holder of an Allowed Claim in respect thereof or as provided in the Plan, any property to be distributed on account of an Allowed Claim shall be distributed by mail, upon compliance by the Holder with the provisions of the Fourth Amended Plan, to (a) the latest mailing address Filed for the Holder of an Allowed Claim entitled to a Distribution, (b) the latest mailing address Filed for a Holder of a Filed power of attorney designated by the Holder of such Claim to receive Distributions, (c) the latest mailing address Filed for the Holder's transferee as identified in a Filed notice served on Debtor pursuant to Bankruptcy Rule 300l(e), or (d) if no such mailing address has been Filed, the mailing address reflected on the Schedules or in the Debtor's books and records.

e. Disputed Claims and Unclaimed Property

Notwithstanding all references in the Fourth Amended Plan to Claims that are Allowed, in undertaking the Pro Rata calculations concerning Allowed Claims under the Fourth Amended Plan, including the determination of the amount of Distributions due to the Holders of Allowed Claims, each Disputed Claim shall be treated as if it were an Allowed Claim, as appropriate, except that if the Bankruptcy Court estimates the portion of a Disputed Claim to be Allowed or otherwise determines the amount which would constitute a sufficient reserve for a Disputed Claim (which estimations and determinations may be requested by the Reorganized Debtor), such amount as determined by the Bankruptcy Court shall be used as to such Claim. The Distributions due in respect of Disputed Claims based on the calculations required by the Fourth Amended Plan shall be reserved for the Holders of the Disputed Claims and deposited into the

account or trust. The amount so deposited on behalf of a Creditor holding a particular Disputed Claim is referred to herein as the "Reserve Amount."

After an objection to a Disputed Claim is withdrawn or determined by Final Order, the Distributions due on account of any resulting Allowed Claim shall be paid by the Reorganized Debtor from the Reserve Amounts for such Creditor held in the account or trust together with the interest, if any, actually accrued on the Reserve Amounts (up to a maximum of the interest actually accrued on the amount of the resulting Allowed Claim). Such payment shall be made on the next Subsequent Distribution Date. No interest shall be due to a Disputed Claim holder based on the delay attendant to determining the allowance of such Claim except as set forth in this subsection.

Should the Distribution on account of any Allowed Claim of such Creditor exceed the Reserve Amount, the shortfall may be paid from available sums, if any, for the next Distribution, provided that, in no event shall the Creditor have recourse to any payments already made to others or to sums reserved by the Reorganized Debtor in connection with the account or trust or for ongoing fees and costs of administering Debtor's Estate or effectuating the Fourth Amended Plan.

After an objection to such a Disputed Claim is sustained in whole or in part by a Final Order, any Reserve Amounts for such Claim held in the respective account or trust in excess of the Distributions due on account of any resulting Allowed Claim may be removed by the Reorganized Debtor from the respective Reserve Fund and treated as available funds for ongoing costs and fees and Distributions.

f. Setoffs

The Reorganized Debtor, may, but shall not be required to, setoff against any Claim, and

the payments and/or Distribution of other property to be made under the Fourth Amended Plan in respect of such claim, any Claims of any nature whatsoever Debtor may have against the Holder of a Claim, but neither the failure to do so nor the allowance of any Claim under the Fourth Amended Plan shall constitute a waiver by Debtor or Reorganized Debtor of any such claim the held against such Holder.

g. Saturday, Sunday or Legal Holiday

If any payment, Distribution, or act under the Fourth Amended Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or Distribution or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

h. Fractional Cents

Notwithstanding any other provisions of the Fourth Amended Plan to the contrary, no payment of fractional cents will be made under the Plan. Cash will be issued to Holders entitled to receive a Distribution of Cash in whole cents (rounded-down to the nearest whole cent when and as necessary).

i. Corporate Action

Upon the entry of the Confirmation Order by the Bankruptcy Court, all matters provided under the Fourth Amended Plan involving the corporate structure of the Debtor shall be deemed to be authorized and approved without any requirement of further action by Debtor, Debtor's shareholders, Debtor's board of directors, and/or the Reorganized Debtor.

j. De Minimis Payments and Distributions

Notwithstanding any other provision of the Plan, de minimis payments of less than \$50 need not be made by the Reorganized Debtor on account of any Allowed Claim; provided that such de minimis payments that would otherwise be made on the Initial Distribution Date or a

subsequent Distribution Date shall carry over until the next date of a Distribution until the cumulative amount of Distributions to which the Holder of such Allowed Claim is more than \$50, at which time the cumulative amount of such Distributions shall be paid to such Holder. De minimis payments that will not be distributed as of the final Distribution Date shall be treated as undeliverable Distributions as provided in Article VIII of the Fourth Amended Plan.

6. Objections to Claims

Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, and except as set forth in the Fourth Amended Plan, the Debtor, Reorganized Debtor, and their respective professionals shall have the exclusive right to make and File objections to any Claims. The Debtor and Reorganized Debtor, shall have until ninety (90) days following the Effective Date to file objections to the applicable filed or scheduled proofs of Claim filed prior to the Effective Date; provided, however, that the Debtor or Reorganized Debtor, may apply to the Bankruptcy Court for an extension of such deadline for cause. Except as set forth in the Fourth Amended Plan, nothing in the Fourth Amended Plan, the Fourth Amended Disclosure Statement, the Confirmation Order or any order in aid of Confirmation, shall constitute, or be deemed to constitute, a waiver or release of any claim, cause of action, right of setoff, or other legal or equitable defense that Debtor had immediately prior to the commencement of this Chapter 11 Case or the Effective Date, against or with respect to any Claim. Except as set forth in the Fourth Amended Plan, upon Confirmation, the Reorganized Debtor shall have, retain, reserve and be entitled to assert all such claims, Causes of Action, rights of setoff and other legal or equitable defenses that Debtor had immediately prior to the Effective Date or prior to the commencement of this Chapter 11 Case as if this Chapter 11 Case had not been commenced. Notwithstanding anything in the foregoing, the Unsecured Judgment Creditors' claim shall be allowed in full, and the entire claim filed by the Unsecured Judgment Creditors shall be treated as undisputed for

purposes of payment or distribution hereunder. Notwithstanding anything in the foregoing, the Unsecured Judgment Creditors' claim shall be allowed in full, and the entire claim filed by the Unsecured Judgment Creditors shall be treated as undisputed for purposes of payment or distribution hereunder.

7. Payments and Distributions on Disputed Claims

On the Distribution Dates, the Reorganized Debtor shall transfer and maintain for each respective Reserve Account such amounts of Cash the Reorganized Debtor shall determine to be necessary to retain on that Distribution Date on account of the Disputed Claims for which the respective Account is established. In determining the amount of Cash to contribute to each respective Account, Reorganized Debtor shall be entitled to rely upon the estimation, if any, of any Disputed Claims pursuant to the Fourth Amended Plan to determine the amount of Cash so reserved, without objection by the Holder of the Disputed Claim. As and when authorized by a Final Order, Disputed Claims that become Allowed Claims shall be paid first from the respective Account corresponding to such Disputed Claim and second from the remaining funds, if any, in the possession of the Reorganized Debtor, until such time that the Holder of such Allowed Claim receives all payments and Distributions to which such Holder is entitled under the Fourth Amended Plan. Notwithstanding any provision in the Fourth Amended Plan to the contrary, no partial payments and no partial Distributions will be made with respect to a Disputed Claim until the resolution of such disputes by settlement or Final Order. Unless otherwise agreed by the Reorganized Debtor, a Creditor who holds both (an) Allowed Claim(s) and (a) Disputed Claim(s) will not receive a Distribution, nor accrue interest thereon, until such dispute is resolved by settlement or Final Order.

8. Unclaimed Distributions

At the election of the Reorganized Debtor, any property, which is unclaimed for ninety

(90) days after Distribution thereof by mail to the last known mailing address of the party entitled thereto, shall revert in the Reorganized Debtor, as available funds for ongoing costs and fees. Notwithstanding the foregoing, if any mail sent to a Creditor at the last known mailing address by the Reorganized Debtor, is returned without a forwarding address and the Creditor does not Claim its Distribution within ninety (90) days after it is mailed to the Creditor, the Reorganized Debtor shall strike the Creditor's Claim from the Creditor list, issue no more checks to such Creditor and, for the purposes of future Distributions, treat the Creditor's Claim as if it were disallowed. Notwithstanding anything in the foregoing to the contrary, no Distribution to any Unsecured Judgment Creditor shall be treated as an undeliverable Distribution under the Plan unless and until (i) 180 days have elapsed following providing notice in writing of the need for such information to counsel for the Unsecured Judgment Creditors, and (ii) the Reorganized Debtor has not received either (A) the information necessary to comply with any reporting and withholding requirements of any governmental entity, or (B) an instruction from counsel to the Unsecured Judgment Creditors to make the applicable Distribution to it on the applicable Unsecured Judgment Creditor's behalf. Until such time, counsel for the Reorganized Debtor shall retain the funds required to make Distributions to any such Unsecured Judgment Creditors in an escrow account to which the Reorganized Debtor will have no access.

9. Final Distribution

As soon as may be practicable following the date on which (a) all Cash has been realized and (b) all Disputed Claims have been resolved by a Final Order of the Bankruptcy Court, the Reorganized Debtor shall make a final distribution of remaining funds to Holders of Allowed Claims in accordance with the terms of the Fourth Amended Plan.

10. Professional Compensation

Professionals requesting compensation or reimbursement of expenses pursuant to

sections 327, 328, 330, 331, 503(b) and 1103 of the Bankruptcy Code for services rendered prior to the Effective Date must File and serve pursuant to the notice provisions of the Bankruptcy Rules, an application for final allowance of compensation and reimbursement of expenses not later than ninety (90) days after the Effective Date. All such applications for final allowance of compensation and reimbursement of expenses will be subject to the authorization and approval of the Bankruptcy Court. Holders of Administrative Claims (including, without limitation, Professionals) requesting compensation or reimbursement of such expenses pursuant to sections 327, 328, 330, 331, 503(b) and 1103 of the Bankruptcy Code that do not file such requests by the applicable deadline provided for herein shall be forever barred from asserting such claims against the Debtor, the Estate, Reorganized Debtor, or their successors, their assigns or their property. Any objection to Professional Fee Claims shall be filed on or before the objection deadline specified in the application for final compensation or order of the Bankruptcy Court; provided that such objection deadline is at least twenty (20) days after the filing and service of such final fee application.

11. Retention and Enforcement of Claims

Except as provided in the Fourth Amended Plan or in any contract, instrument, release or other agreement entered into or delivered in connection with the Fourth Amended Plan, in accordance with section 1123(b) of the Bankruptcy Code and to the fullest extent possible under applicable law, the Reorganized Debtor, shall retain and may enforce, and shall have the sole right to enforce, any claims, demands, rights and Causes of Action that the Debtor or Estate may hold against any Entity, as appropriate. The Reorganized Debtor, and its successors and assigns, may pursue such retained claims, demands, rights or Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtor holding such claims, demands, rights or Causes of Action. Further, the Reorganized Debtor retains the rights to file and pursue,

and shall have the sole right to file and pursue any adversary proceedings against any account debtor related to debit balances or deposits owed to the Debtor. By accepting Distributions pursuant to the Fourth Amended Plan, each Holder of an Allowed Claim receiving Distributions pursuant to the Fourth Amended Plan will be deemed to have specifically consented to the injunctions set forth herein.

12. Management of the Reorganized Debtor

Except as expressly provided in the Fourth Amended Plan and the articles of incorporation and by-laws of the Reorganized Debtor (as amended from time to time), the operation, management and control of the Reorganized Debtor shall be the general responsibility of Mr. Ji Sung Yoo.

13. Assumption of Unexpired Lease

As of the Effective Date, the Debtor shall be deemed to have assumed the unexpired lease to which it is a party and assigned such unexpired lease to the Reorganized Debtor. To the extent provided under the Bankruptcy Code or other applicable law, the unexpired lease transferred and assigned pursuant to the Fourth Amended Plan shall remain in full force and effect for the benefit of the transferee or assignee in accordance with its terms, notwithstanding any provision in such unexpired lease (including those of the type described in section 365(b)(2) of the Bankruptcy Code) that prohibits, restricts or conditions such transfer or assignment. To the extent provided under the Bankruptcy Code or other applicable law, any provision that prohibits, restricts or conditions the assignment or transfer of any such unexpired lease or that terminates or modifies such unexpired lease or allows the counterparty to such unexpired lease to terminate, modify, recapture, impose any penalty condition renewal or extension or modify any term or condition upon any such transfer and assignment constitutes an unenforceable anti-assignment provision and is void and of no force or effect.

Any monetary amounts by which the unexpired lease to be assumed pursuant to the Fourth Amended Plan is in default shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, by Cure. If there is a dispute regarding (a) the nature or amount of any Cure, (b) the ability of the Reorganized Debtor or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the lease to be assumed, or (c) any other matter pertaining to assumption, Cure shall occur following the entry of a Final Order by the Bankruptcy Court resolving the dispute and approving the assumption or assumption and assignment, as the case may be; provided, however, that the Debtor or Reorganized Debtor, as applicable, shall be authorized to reject the unexpired lease to the extent the Debtor or Reorganized Debtor, in the exercise of its sound business judgment, concludes that the amount of the Cure obligation as determined by such Final Order, renders assumption of such unexpired lease unfavorable to the Debtor or Reorganized Debtor.

14. Exemption from Transfer Taxes

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of a security, or the making or delivery of an instrument from the Debtor to a Reorganized Debtor or any other Entity pursuant to the Fourth Amended Plan, including, without limitation, the granting or recording of any Lien or mortgage on any property under the Fourth Amended Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, recording tax, or other similar tax or governmental assessment and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without payment of any such tax or governmental assessment.

15. Retention of Jurisdiction

Notwithstanding entry of the Confirmation Order or the Effective Date having occurred, this Chapter 11 Case having been closed, or Final Decree having been entered, the Bankruptcy Court shall have jurisdiction of matters arising out of, and related to this Chapter 11 Case and the Fourth Amended Plan under, and for the purposes of, sections 105(a), 1127, 1142 and 1144 of the Bankruptcy Code and for, among other things, the following purposes:

- a. allow, disallow, determine, liquidate, classify, estimate or establish the priority or status of any Claim, including the resolution of any request for payment of any Administrative Claim or Priority Tax Claim and the resolution of any and all objections to the allowance or priority of Claims;
- b. grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Fourth Amended Plan, for periods ending on or before the Effective Date;
- c. resolve any matters related to the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which the Debtor is a party or with respect to which the Debtor may be liable and to hear, determine and, if necessary, liquidate, any Claims arising therefrom;
- d. ensure that Distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Fourth Amended Plan, including ruling on any motion or objection Filed pursuant to the Fourth Amended Plan;
- e. decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving any or all of the Debtor or their affiliates, directors, employees, agents or Professionals that may be pending on the Effective Date;
- f. enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases, indentures and other agreements or documents created in connection with the Fourth Amended Plan or the Fourth Amended Disclosure Statement;
- g. resolve any cases, controversies, suits or disputes that may arise in connection with achieving the Effective Date, interpretation or enforcement of the Fourth Amended Plan, or any Entity's obligations incurred in connection with the Fourth Amended Plan, including, among other things, any avoidance actions or subordination actions under sections 510, 544, 545, 547, 548, 549, 550, 551, and 553 of the Bankruptcy Code;
- h. issue injunctions, enter and implement other orders or take such other

actions as may be necessary or appropriate to restrain interference by any Entity with achieving the Effective Date or enforcement of the Fourth Amended Plan, except as otherwise provided herein;

i. resolve any cases, controversies, suits or disputes with respect to the releases, injunction and other provisions contained in Article XI of the Fourth Amended Plan and enter such orders as may be necessary or appropriate to implement such releases, injunction and other provisions;

j. enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;

k. determine any other matters that may arise in connection with or relate to the Fourth Amended Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture or other agreement or document created in connection with the Fourth Amended Plan or the Fourth Amended Disclosure Statement;

l. enter an order and/or Final Decree concluding this Chapter 11 Case;

m. to consider any modification of the Fourth Amended Plan under section 1127 of the Bankruptcy Code and/or modification of the Fourth Amended Plan before "substantial consummation" as defined in section 1101(2) of the Bankruptcy Code;

n. to protect the property of the Estate from adverse Claims or interference inconsistent with the Fourth Amended Plan, including to hear actions to quiet or otherwise clear title to such property based upon the terms and provisions of the Fourth Amended Plan, or to determine a Debtor's exclusive ownership of claims and Causes of Action retained or otherwise dealt with under the Fourth Amended Plan;

o. to hear and determine matters pertaining to abandonment of property of the Estate;

p. to consider any modifications of the Fourth Amended Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

q. to interpret, enforce and address any and all issues relating to any Orders, including without limitation all sale orders entered in this Chapter 11 Case pursuant to section 363 of the Bankruptcy Code, previously entered in this Chapter 11 Case to the extent such Orders are not superseded or inconsistent with the Fourth Amended Plan;

r. to recover all Assets of Debtor and property of the Estate wherever located;

s. to hear and determine matters concerning state, local, and federal taxes in accordance with sections 345, 505, and 1146 of the Bankruptcy Code;

t. to hear and act on any other matter not inconsistent with the Bankruptcy Code;

u. to consider and act on the compromise and settlement of any litigation, Claim against or cause of action on behalf of the Estate; and

v. to interpret and enforce the injunctions contained in the Confirmation Order and Fourth Amended Plan.

V. CONFIRMATION OF THE PLAN

Before confirming the Fourth Amended Plan, the Court must determine that the Debtor has complied with the requirements of the Bankruptcy Code regarding the Fourth Amended Plan, including the following: (a) the Fourth Amended Plan and its contents comply with the technical requirements of Chapter 11 of the Bankruptcy Code; (b) Holders of Claims and Interests are grouped into classes in a permissible fashion; (c) confirmation of the Fourth Amended Plan is in the "best interests" of all Holders of Claims and Interests; (d) the Fourth Amended Plan is feasible; and (e) the Fourth Amended Plan has been proposed in good faith.

THE DEBTOR STRONGLY BELIEVES THAT ALL SUCH REQUIREMENTS HAVE BEEN SATISFIED AND WILL SEEK RULINGS TO THAT EFFECT FROM THE COURT AT THE CONFIRMATION HEARING.

Even if Holders vote to accept the Fourth Amended Plan, the Court has an independent duty to determine the matters described above, particularly that the Fourth Amended Plan is feasible and that it meets the "best interests" test. If Class 1 accepts the Fourth Amended Plan, the Debtor believes that the Fourth Amended Plan should be confirmed, and it will seek confirmation, despite any objection of dissenting Holders of Claims.

A. Classification of Claims and Interests

The Bankruptcy Code requires that a plan place each creditor's claim and each interest holder's interest in a class with "substantially similar" claims or interests. The Fourth Amended Plan establishes five classes of Holders. Under the Plan, the NOAH Bank and TD Auto Finance LLC Secured Claims are in Class 1, the General Unsecured Claims are in Class 3 to 5. The

Debtor believes that the Fourth Amended Plan's classification of Claims and Interests into the foregoing Classes complies with the requirements of the Bankruptcy Code and applicable case law.

B. Best Interests of Creditors

Notwithstanding acceptance of the Fourth Amended Plan, the Court must find, whether or not anyone objects to confirmation, whether the Fourth Amended Plan is in the best interests of Holders. Bankruptcy courts have generally defined "best interests" as the Bankruptcy Code's requirement that under any plan of reorganization each member of an impaired class of creditors must receive or retain on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount such creditor would receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code.

THE DEBTOR BELIEVES THAT THE FOURTH AMENDED PLAN IS
IN THE BEST INTERESTS OF CREDITORS.

To determine whether the Fourth Amended Plan meets the "best interests" test, the value of the Debtor's property must be reduced by the anticipated costs of completing a liquidation under chapter 7 of the Bankruptcy Code (including costs incurred by a chapter 7 trustee in liquidating Claims which would otherwise have been settled under the Fourth Amended Plan, a chapter 7 trustee's fees, the fees and expenses of professionals retained by a chapter 7 trustee, costs incurred by the estate in administering the chapter 7 case and lost value as a result of liquidating a going concern). In valuing the potential distributions in a chapter 7 liquidation context, the delay caused by conversion to and administration of a chapter 7 case also must be considered. Once the net present value of a chapter 7 distribution to an impaired Class is calculated, it must then be compared to the aggregate distribution provided for that Class under the Fourth Amended Plan. Additionally, absent confirmation, NOAH would likely foreclose its

lien on the Personal Property of the Debtor. A chapter 7 trustee's fees, the fees and expenses of his/her professionals and the costs incurred by the estate in administering the chapter 7 case would all further reduce distributions. In light of the foregoing, the Debtor believes if confirmation fails to occur, the Holders in Classes 1 through 5 would receive a lesser distribution than that which they would receive in the event of Confirmation.

THE DEBTOR BELIEVES THAT EACH MEMBER OF AN IMPAIRED CLASS WILL RECEIVE DISTRIBUTIONS WITH A PRESENT VALUE EQUAL TO OR GREATER THAN THE PRESENT VALUE OF THE DISTRIBUTIONS SUCH MEMBER WOULD RECEIVE IN A CHAPTER 7 LIQUIDATION OF THE DEBTOR.

C. Feasibility

Section 1129(a) (11) of the Bankruptcy Code requires a judicial determination that confirmation of a plan will not likely be followed by liquidation or the need for further financial reorganization of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan and the plan contemplates the liquidation of the debtor's assets. The Debtor anticipates that, on and after the Effective Date, distributions to be made pursuant to the Fourth Amended Plan will be made available from the Reorganized Debtor's Administrative Claims/Priority Claims Account, Professional Fees Account, Net Cash Flow, Excess Net Cash Flow and Unit sales. Annexed hereto as Exhibit "C" is a detailed accounting which forecasts and illustrates the economic implementation and feasibility of the Plan.

D. Acceptance

As a condition to confirmation of a plan, the Bankruptcy Code, with certain exceptions, requires that the impaired classes accept the plan. In general, a class is "impaired" if the legal, equitable, or contractual rights attaching to the claims or interests of that class are modified, other than by curing defaults and reinstating maturities or by payment in full in cash. The Bankruptcy Code defines acceptance of a plan by a class of claims entitled to vote thereon as

acceptance by holders of two-thirds in dollar amount and a majority in number of allowed claims of that class, but each calculation includes only those who actually vote to accept or to reject the plan. Votes on the Plan are being solicited only from Holders of Claims in the impaired Classes entitled to vote (i.e., Class 1).

E. Cram Down

The Bankruptcy Code contains provisions for confirmation of a plan even if all impaired classes do not accept the plan, as long as at least one impaired class of claims has accepted the plan.

The Bankruptcy Code provides that a Plan is fair and equitable with respect to a dissenting class of impaired unsecured creditors if no class junior to it receives or retains “on account of such junior claim or interest any property.” 11 U.S.C. § 1129(b)(2)(B)(ii). The Fourth Amended Plan satisfies the “new value” exception to the absolute priority rule because of the new equity cash contribution in the amount of \$325,000 by Mr. Je Sang Yu in exchange for 15% of the equity in the Reorganized Debtor, and thus it is fair and equitable with regard to the Class 3 unsecured creditors.

In establishing whether the new value exception is applicable, “courts focus on whether old equity is retaining property on account of its prior interest.” *In re RAMZ Real Estate Co., LLC*, 510 B.R. 712, 718 (Bankr. S.D.N.Y. 2014). For the exception to apply, the capital contributed must be (i) new, (ii) substantial, (iii) money or money’s worth, (iv) necessary for a successful reorganization and (v) reasonably equivalent to the property that old equity is retaining or receiving. *See id.*

Under the Fourth Amended Plan, the new investor will provide a new equity cash contribution in the amount of \$325,000 to help the Reorganized Debtor meet its financial obligations to the unsecured creditors under Plan. Thus requirements (i) and (iii) are met.

The new equity cash contribution of \$325,000 is substantial as it is not merely “gratuitous, token cash infusions proposed primarily to ‘buy’ cheap financing”. *Greystone III Joint Venture*, 102 B.R. 560, 575 (Bankr. W.D.Tex. 2989), *rev’d on other grounds*, 948 F.2d 134 (5th Cir. 1991). Accordingly, requirement (ii) is met.

The new equity cash contribution is necessary for a successful reorganization. *See In re RAMZ Real Estate Co., LLC*, 510 B.R. 712, 718. This cash contribution will enable the Reorganized Debtor to meet its financial obligations under the Amended Plan. Without the ability to meet these financial obligations, the Debtor’s case may be forced to convert, and a viable business that employs dozens of employees will close its doors. Accordingly, the new equity cash contribution of \$325,000 is entirely necessary to successfully reorganize the Debtor’s business. As such, requirement (iv) is met.

Finally, the new equity cash contribution is reasonably equivalent to the value of the property that the new investor is receiving. This determination is based on the new equity investor’s judgment that a cash contribution of \$325,000 in exchange for 15% of the equity in the Reorganized Debtor represents a fair valuation of the Debtor’s equity value.

F. Alternatives to the Plan

The Debtor believes that the Fourth Amended Plan provides Holders of Allowed Claims with the greatest possible value that can be realized on their respective Claims. The alternatives to confirmation of the Fourth Amended Plan are (i) confirmation of an alternative plan of reorganization submitted by the Debtor or by another party in interest, (ii) liquidation of the Debtor under chapter 7 of the Bankruptcy Code and (iii) dismissal of the Chapter 11 Case. As discussed below, the Debtor believes that the Fourth Amended Plan provides a greater recovery to Holders of Allowed Claims than any of the stated alternatives.

1. Alternative Plan

If the Fourth Amended Plan is not accepted, other parties in interest may have an opportunity to file a competing plan. The Debtor believes that no other plan would provide Holders of Allowed Claims with a greater value than they would be entitled to receive under the Fourth Amended Plan.

2. Liquidation

The Debtor could liquidate under the provisions of chapter 7 of the Bankruptcy Code. For the reasons described herein, the Debtor believes that the distributions to the Holders of Claims under the Fourth Amended Plan will be greater than distributions that might be received under chapter 7 of the Bankruptcy Code. Simply stated, if the Debtor is forced into chapter 7, it will cease operations and have no revenues to meet any of its financial obligations.

3. Dismissal

Dismissal of the Chapter 11 Case would have the effect of restoring (or attempting to restore) all parties to the status quo ante. Upon dismissal, the protection of the Bankruptcy Code would evaporate, thereby permitting NOAH Bank to immediately pursue a foreclosure action against its collateral, likely resulting in costly, protracted litigation and no recovery for Holders of Claims or Interests other than NOAH Bank. The Debtor believes that dismissal of the Chapter 11 Case is not a practical or favorable alternative.

G. Effect of Confirmation

1. Injunction

Except as otherwise provided in the Fourth Amended Plan or the Confirmation Order, all Entities that have held, currently hold or may hold Claims or other debts or liabilities against the Debtor or other right of an Equity Security Holder in any or all of the Debtor that are discharged pursuant to the terms of the Fourth Amended Plan are permanently enjoined, on and after the Effective Date, from taking any of the following actions on account of any such Claims, debts,

liabilities or rights: (i) commencing or continuing in any manner any action (including the Guarantor Action) or other proceeding of any kind with respect to any such Claim debt, liability, or right other than to enforce any right to a Distribution pursuant to the Fourth Amended Plan; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award decree or order against the Debtor, the Reorganized Debtor or any of their Assets on account of any such Claim debt, liability, or right; (iii) creating, perfecting or enforcing any Lien or encumbrance against the Debtor, the Reorganized Debtor or any of their Assets on account of any such Claim debt liability, or right; (iv) asserting any right of setoff subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtor, the Reorganized Debtor or any of their Assets on account of any such Claim debt, liability, or right; and (v) commencing or continuing any action in any manner, in anyplace that does not comply with or is inconsistent with the provisions of the Fourth Amended Plan or the Confirmation Order. Such injunction shall extend to any successor of the Debtor, the Reorganized Debtor and any of their Assets. Any entity injured by a willful violation of such injunction shall recover actual damages, including costs and attorneys' and experts' fees and disbursements, and, in appropriate circumstances, may recover punitive damages from the willful violator.

2. Limitation on Liability

Except as expressly set forth in the Fourth Amended Plan, on and after the Effective Date, neither the Debtor, nor its successors or assigns, including the Reorganized Debtor, nor any of their respective past and present officers, directors, employees, members, agents, representatives, shareholders, attorneys, accountants, financial advisors, investment bankers, lenders, consultants, experts, and Professionals and agents for the foregoing shall have or incur any liability for, and are expressly exculpated and released from, any claim (as defined in section 101(5) of the Bankruptcy Code) of any past or present actions taken or omitted to be taken under

or in connection with, related to, effecting, or arising out of the following: (i) the Debtor's and/or Reorganized Debtor operations after the Petition Date; (ii) this Chapter 11 Case; (iii) the post-petition administration of the Debtor's Cash, Assets, and real and personal property; (iv) the pursuit of Confirmation; (v) the formulation, preparation, dissemination, implementation, administration, confirmation, or achieving the Effective Date of the Fourth Amended Plan and the Fourth Amended Disclosure Statement; (vi) the sale and liquidation of the Assets (including the prosecution of Causes of Action), or the property to be distributed under the Fourth Amended Plan; (vii) any other act taken or omitted to be taken in connection with the Debtor's business after the Petition Date; or (viii) any contract, instrument, release, or other agreement entered into or created in connection with the foregoing; except only for actions or omissions to act to the extent determined by a court of competent jurisdiction (in a Final Order) to be by reason of such party's gross negligence, willful misconduct, or fraud, and in all respects, such party shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Fourth Amended Plan; it being expressly understood that any act or omission with the approval of the Bankruptcy Court will be conclusively deemed not to constitute gross negligence, willful misconduct, or fraud unless the approval of the Bankruptcy Court was obtained by fraud or misrepresentation.

However, nothing in the Plan shall limit the liability of the Debtor's attorney professionals or any other attorney professionals employed in the case for malpractice pursuant to Rule. 1.8 (b)(1) of the New York Rules of Professional Conduct.

VI. RECOMMENDATION

THE DEBTOR BELIEVES THAT THE FOURTH AMENDED PLAN PROVIDES THE GREATEST RECOVERY TO HOLDERS OF ALLOWED CLAIMS AND IS IN THE BEST INTERESTS OF CREDITORS. THEREFORE, THE DEBTOR RECOMMENDS THAT EACH HOLDER OF AN ALLOWED CLAIM VOTE TO ACCEPT THE

FOURTH AMENDED PLAN.

Dated: September 23, 2016

Law Office of Michael Resnick
270 North Avenue, Suite 811
New Rochelle, New York 10801
(646) 599-1359
michael@resnicklawyer.com

Attorney for Debtor and Debtor in Possession

By: /s/ Ji Sung Yoo, Restructuring Officer

Attachments:

Exhibit A: Fourth Amended Plan of Reorganization

Exhibit B: Liquidation Analysis

Exhibit C: Projected Cash Flow (one year)