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UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NEW YORK

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In re: Chapter 11  
Lead Case No. 16-45568 (NHL)

SHIROKIA DEVELOPMENT LLC and  
SHIROKIA MEZZ I LLC,

Debtors.

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**FIRST AMENDED DISCLOSURE STATEMENT**

Shirokia Development LLC (“Development”) and Shirokia Mezz I LLC (“Mezz”, together with Development, the “Debtors”) submit this First Amended Disclosure Statement pursuant to Section 1125(b) of Title 11, United States Code, 11 U.S.C. §§ et seq. (the “Bankruptcy Code”) and Rule 3017 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), in connection with their First Amended Chapter 11 Plan of Reorganization dated ~~April 7~~ June 12, 2017 (the “Plan”) to all known holders of Claims<sup>1</sup> against or Interests in the Debtors in order to adequately disclose information deemed to be material, important and necessary for the Debtor’s creditors to make a reasonably informed judgment about the Plan. A copy of the Plan is attached hereto as Exhibit “A.”

<sup>1</sup> Unless otherwise defined herein, capitalized terms shall have the same meaning ascribed to them in the Plan.

Under Section 1126(b) of the Bankruptcy Code, only Classes<sup>1</sup> of Allowed Claims that are “impaired” under the Plan, as defined by Section 1124 of the Bankruptcy Code, are entitled to vote on the Plan. Generally, a Class is impaired if its legal, contractual or equitable rights are altered or reduced under the Plan. Under the Plan, Class 1, Class 2 and Class 3 are Impaired and therefore entitled to vote to accept or reject the Plan. To be accepted by a Class, the Plan must be accepted by more than one half in number and two-thirds in dollar amount of the Allowed Claims actually voting in such Class.

**A. Purpose of This Document**

**This Disclosure Statement describes:**

- The ~~Debtors~~ Debtor and significant events during the bankruptcy case,
- How the Plan proposes to treat claims of the type you hold (*i.e.*, what you will receive on your claim if the plan is confirmed and your claim is “allowed” within the meaning of the Plan),
- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the “Court”) will consider when deciding whether to confirm the Plan,
- The effect of confirmation of the Plan.

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

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

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

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<sup>1</sup> Capitalized terms not defined herein have the same meaning ascribed to them in the Plan.

*1. Time and Place of the Hearing to Confirm the Plan*

The hearing at which the Court will determine whether to confirm the Plan will take place on ~~June~~, July 27, 2017, at 2:00 p.m., before the Honorable Nancy H. Lord at the United States Bankruptcy Court, Eastern District of New York, ~~371~~271-C Cadman Plaza East, Courtroom 3577, Brooklyn, New York 11201.

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

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot to DelBello Donnellan Weingarten Wise & Wiederkehr, LLP, Counsel for the Debtor, One North Lexington Avenue, White Plains, New York 10601, Attn: ~~Dawn Kirby~~ Jonathan S. Pasternak, Esq. See Section IV.A. below for a discussion of voting eligibility requirements.

Your ballot must be received by ~~June~~ July 20, 2017 at 54:00 p.m. (Eastern Time) or it will not be counted.

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*3. Deadline For Objecting to the Confirmation of the Plan*

Objections to the confirmation of the Plan must be filed with the Court and served upon DelBello Donnellan Weingarten Wise & Wiederkehr, LLP, Counsel for the Debtor, One North Lexington Avenue, White Plains, New York 10601, Attn: ~~Dawn Kirby~~ Jonathan S. Pasternak, Esq. by ~~June~~ July 20, 2017 at 54:00 p.m. (Eastern Time).

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

If you want additional information about the Plan, you should contact DelBello Donnellan Weingarten Wise & Wiederkehr, LLP, Counsel for the Debtor, One North Lexington Avenue, White Plains, New York 10601, Attn: ~~Dawn Kirby~~ Jonathan S. Pasternak, Esq.

C. Disclaimer ~~{TO BE EFFECTIVE UPON APPROVAL OF THIS DISCLOSURE STATEMENT}~~

*The Court has approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted.*

~~The Bankruptcy Court has scheduled the hearing on confirmation of the Plan for June 2017 at a.m./p.m.~~

NO REPRESENTATIONS CONCERNING THE ~~DEBTORS~~ DEBTOR ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU, AND ANY SUCH REPRESENTATIONS SHOULD BE REPORTED TO COUNSEL FOR THE ~~DEBTORS~~ DEBTOR, DELBELLO, DONNELLAN, WEINGARTEN, WISE & WIEDERKEHR, LLP, ONE NORTH LEXINGTON AVE., WHITE PLAINS, NEW YORK 10601, ATTENTION: ~~DAWN KIRBY~~ JONATHAN S. PASTERNAK, ESQ., WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE. THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. FOR THE FOREGOING REASON, THE ~~DEBTORS ARE~~ DEBTOR IS UNABLE TO WARRANT OR REPRESENT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY, ALTHOUGH GREAT EFFORTS HAVE BEEN MADE TO BE ACCURATE.

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN. WHILE THE DEBTOR BELIEVES THAT THE SUMMARY IS ACCURATE, SUCH SUMMARY IS QUALIFIED TO THE EXTENT THAT IT DOES NOT SET FORTH THE ENTIRE TEXT OF THE PLAN. REFERENCE IS HEREBY MADE TO THE PLAN FOR A COMPLETE STATEMENT OF THE TERMS AND PROVISIONS THEREOF. **IF ANY INCONSISTENCIES EXIST BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE PLAN SHALL CONTROL.**

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- THE STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF, UNLESS ANOTHER TIME IS SPECIFIED IN THIS DISCLOSURE STATEMENT. THE DELIVERY OF THIS DISCLOSURE STATEMENT SHALL NOT, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN ANY FACTS SET FORTH IN THIS DISCLOSURE STATEMENT SINCE THE DATE HEREOF.

AMENDMENTS TO THE PLAN THAT DO NOT MATERIALLY AND/OR ADVERSELY CHANGE THE TREATMENT OF CLASSES MAY BE MADE TO THE PLAN PRIOR TO ITS CONFIRMATION. SUCH AMENDMENTS MAY BE APPROVED BY THE BANKRUPTCY COURT AT THE CONFIRMATION HEARING WITHOUT ENTITLING MEMBERS OF ANY CLASSES WHOSE TREATMENT IS NOT ADVERSELY CHANGED TO WITHDRAW ANY VOTES TO ACCEPT OR REJECT THE PLAN OR TO VOTE AGAIN.

THE COURT HAS APPROVED THIS DISCLOSURE STATEMENT BY ORDER DATED ~~MAY~~ JUNE, 2017 AS CONTAINING ADEQUATE INFORMATION

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UNDER THE PARTICULAR CIRCUMSTANCES OF THIS CASE. APPROVAL OF THE DISCLOSURE STATEMENT, HOWEVER, IS NOT TO BE CONSTRUED AS AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT. CONFIRMATION OF THE PLAN BY THE BANKRUPTCY COURT WILL BE CONSIDERED AT A HEARING TO BE HELD BY THE BANKRUPTCY COURT AT ~~AT~~ ~~\_\_\_\_\_ A.M./P.M. ON JUNE \_\_\_\_\_~~ ~~JULY 27,~~ 2017 AT 2:00 P.M. CREDITORS ARE URGED TO CONSULT WITH THEIR COUNSEL REGARDING THE PLAN. Accompanying this Disclosure Statement is a copy of the Plan, annexed as **Exhibits A.**

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**I. INTRODUCTION**

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**A. Background**

~~Debtor~~—Shirokia Development LLC (“~~Development~~Debtor”) is a limited liability company organized under the laws of the State of New York and maintains an office at 142-23 37<sup>th</sup> Avenue, Unit C-5, Flushing, New York 11354.

Development is the owner of certain real property located at 142-28 38<sup>th</sup> Avenue, Queens, New York 11354 (the “Premises”). The Premises is the principal or sole asset of this bankruptcy estate. The Premises is commercial investment property, consisting of four commercial ~~condominium~~—units, forty-seven parking spaces, and twenty-three residential ~~condominium~~ units contained in the building known as the Shirokia Tower and located at 142-28 38<sup>th</sup> Avenue, Flushing, New York (the “Property”). The Property is subject to a 421(a) real estate tax exemption. ANY POTENTIAL PURCHASER SHALL BE SUBJECT TO THE RIGHTS AND RESPONSIBILITIES ASSOCIATED WITH SUCH EXEMPTION. The residential units

require registration with NYC DHCR under NYCHPD’s rules and regulations. The residential units are currently subject to rent regulation.

Development was originally financed by Cathay Bank. Development constructed the building in 2005 and intended to sell units under a condominium offering plan. However, during the down economy the debtor was unable to complete construction of the ~~condominium~~ units or obtain authorization to sell units as condos from the New York State Attorney General’s office, and fell into default with Cathay Bank in or around 2010.

In 2011, Cathay Bank commenced a foreclosure action in the Supreme Court of the State of New York, County of Queens, Index No.: 4019/2011 (the “Foreclosure Action”). Sometime shortly after commencement of the Foreclosure Action Cathay Bank sold the loan and underlying loan documents to 38 Avenue Realty LLC (“38 AR”), an entity wholly unrelated to or affiliated with ~~the Debtors~~ Development or any of ~~their~~ its principals or insiders.

In the foreclosure action, a receiver (the “Receiver”) was appointed receiver of the Property and came into exclusive possession and control of the Premises, managing and maintaining the Property from April 1, 2011. The Receiver hired a managing agent (the “Managing Agent”) to run the day to day operations at the Property. After prevailing on its motion for summary judgment, on August 6, 2014, 38 AR, as substituted plaintiff for Cathay Bank, obtained entry of a judgment of foreclosure.

**B. Commencement of the Prior ~~Development~~ Chapter 11 Case**

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On August 12, 2014, Development filed a voluntary petition for reorganization pursuant to Chapter 11 of the Bankruptcy Code. The Property remained in possession of the Receiver, and continued to be operated by the Managing Agent.

Pursuant to order dated March 18, 2015, the Bankruptcy Court confirmed Development's Plan of Reorganization which provided, among other things, that Development had a deadline of April 1, 2015 to refinance the Property. If the Property was not timely refinanced, a public auction to sell the Property would be held on April 2, 2015. The Bankruptcy Court approved ~~the Debtor's~~ Development's retention of Besen & Associates to serve as its real estate broker and auctioneer, in the event of an auction.

Development ~~avoided the public auction by~~ successfully ~~refinanced~~ refinancing the Property on April 1, 2015, ~~with Madison Realty Capital ("Madison"),~~ thereby paying all of its creditors in full. Development also regained possession and operation of the Property. The loan to refinance the Property included an expensive ~~Bridge Loan~~ bridge loan. Given the short timing and the uncertainty concerning the Property, the ~~Bridge Loan~~ bridge loan was necessary.

**C. Events Between the Prior ~~Development~~ Chapter 11 Case and the Instant Chapter 11 Case**

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After Development regained possession of the Property, it learned that the Managing Agent for the Receiver had taken certain unauthorized acts. ~~There~~ For example, there were commercial occupants in the Property with written leases appearing to have been signed by the Receiver; however, the Receiver purported to know nothing about the tenants and asserted the

signature on the leases, which bore his name, was in fact a forged signature. The commercial occupants asserted that they had been paying rent in cash to the Managing Agent for many months, and produced rent receipts bearing illegible initials purportedly acknowledging receipt of cash. When confronted, the Managing Agent obtained counsel, who facilitated the deposit of approximately \$100,000 cash with the Queens County police department. When deposed, the Managing Agent asserted his rights under the Fifth Amendment.

In addition to the issues concerning the commercial occupants, many of the residential units had been gutted of their new kitchen cabinets and appliances. Also, a commercial supermarket space had been gutted, and its vast equipment and fixtures were missing. ~~development~~ Development focused its efforts on repairing and rehabilitating the damage done to the Property, and hired counsel to remove or resolve things with the commercial occupants.

In December 2015, Development refinanced the ~~Bridge Loan~~ Madison bridge loan with a loan from W Financial Fund, LP. (“WFF”). In connection with the loan, Development’s ~~ownership~~ equity structure was reorganized. Hong Qin Jiang (“~~Jiang~~ Principal”), transferred 100% of her membership interests in ~~Development~~ the Debtor to Shirokia Mezz I LLC (“Mezz”), which became the sole owner of ~~Development~~ Jiang the Debtor. Principal is the sole member of Mezz.

On or about December 23, 2015, WFF entered into arrangements with Development for loans in the sums of \$18,000,000 (the “First Loan”) and \$4,000,000 (the “Second Loan”) respectively. The First Loan and Second Loan are secured by mortgages on the Property.

Also on or about December 23, 2015, 38<sup>th</sup> Avenue Mezz LLC (“~~38~~ 38<sup>th</sup> AM”) entered into a mezzanine loan (the “Mezz Loan”) with Mezz. In connection with that transaction, ~~the~~

~~Debtor~~ Mezz pledged a first priority security interest in its limited liability company membership interests in Development as collateral for the mezzanine loan.

Also on or about December 23, 2015, ~~upon information and belief,~~ WFF and 38<sup>38~~th~~</sup> AM entered into an ~~inter-creditor~~ intercreditor agreement. Neither Development nor Mezz was a party to the ~~inter-creditor~~ intercreditor agreement.

Mezz believed there was a reserve fund for the purpose of making interest payments due during the first six months. However, in reality the reserve fund covered only half the interest payments for each of the first six months, not the entire month's payment. Through this confusion, the Mezz mistakenly defaulted in making ~~only~~ half of the first interest payment due in February 2016. When Mezz attempted to make the payment a few weeks after its due date, the Mezz Loan had already been called into default ~~and has been accruing default interest on both the First Loan and Second Loan since their inception!~~

WFF commenced a foreclosure action on or about March 17, 2016 seeking to foreclose on the First Loan and Second Loan (the "Foreclosure Action").

Mezz requested and was provided with a pay-off letter from WFF dated July 18, 2016 (the "Pay-Off Letter"), which appeared to merge the obligations Mezz under the Mezzanine Loan and Development under the First Loan and Second Loan. The letter purported that Mezz could not satisfy its obligations to 38 AM unless it first satisfied Development's obligations under the First Loan and Second Loan.

One day later, on July 19, 2016, ~~38~~38<sup>th</sup> AM sent a notice to Mezz scheduling an auction of the Mezz's membership interests in Development. Prior to the auction, on August 16, 2016, Mezz filed its chapter 11 case to preserve its membership interests in Development.

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Shortly thereafter, ~~38~~<sup>38</sup><sup>th</sup> AM moved to dismiss the Mezz chapter 11 case, in part on grounds that Mezz allegedly could not satisfy the Mezz Loan without also satisfying Development's obligations under the First Loan and Second Loan, which Mezz could not afford to do. Mezz opposed the motion to dismiss, but ultimately determined the best course of action was for Development to also file a bankruptcy case. On December 9, 2016, Development filed its chapter 11 case, thereby staying the foreclosure action.

**CD. Employment of the Debtors' Debtor's Professionals**

Shortly after each Petition Date, Mezz and Development each filed applications to retain DelBello Donnellan Weingarten Wise & Wiederkehr, LLP ("DDWWW") as its bankruptcy counsel. Orders granting the retention were entered on December 4, ~~2016~~<sup>2014</sup> in the Mezz case, and an order is pending in the Development case, authorizing the retention *nunc pro tunc* to each Petition Date.

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Mezz and Development also filed applications to retain Klinger & Klinger LLP ("Klinger") as their accountants nunc pro tunc to each Petition Date. Orders are pending in both cases-

Development filed an application to retain Besen & Associates as its real estate broker and auctioneer. An order is pending.

**DE. Filing of Schedules of Assets and Liabilities and Statement of Financial Affairs**

On September 23, 2016 and December 9, 2016, Mezz and Development, respectively, filed Schedules of Assets and Liabilities, together with a Statement of Financial Affairs (collectively, the "Schedules"). The Schedules are available on the Bankruptcy Court's website:

[www.nyeb.uscourts.gov](http://www.nyeb.uscourts.gov) (log-in and password required) or from counsel for the Debtors upon written request.

**EF. Establishment of a Claims Bar Date and Claims Process**

Mezz filed a motion and obtained an order on December 9, 2016 establishing February 13, 2017 as the last date by which creditors may file proofs of claim in the ~~Mezz~~ Chapter 11 case (the “Mezz Bar Date”). Notice of the Mezz Bar Date was duly served on all creditors.

Development filed a motion and obtained an order on January 30, 2017 establishing March 31, 2017 as the last date by which creditors may file proofs of claim in the ~~Development~~ Chapter 11 ~~Case~~case (the “Development Bar Date”). Notice of the Development Bar Date was duly served on all creditors.

**FG. The Sale of the Property**

Development has determined that rather than refinancing, it will sell the Property to fund payments to creditors. The ~~Debtors are~~Debtor is marketing the Property in hopes of identifying a stalking horse bidder. If none is obtained, then WFF and/or ~~38~~38<sup>th</sup> AM may serve as the stalking horse bid, and a bankruptcy auction will take place, as described in more detail below.

**II. THE PLAN OF REORGANIZATION**

THE FOLLOWING IS A BRIEF SUMMARY OF THE PLAN. THE PLAN REPRESENTS A PROPOSED LEGALLY BINDING AGREEMENT AND CREDITORS ARE URGED TO CONSULT WITH THEIR COUNSEL IN ORDER TO FULLY UNDERSTAND THE PLAN AND TO MAKE AN INTELLIGENT JUDGMENT CONCERNING IT. THE PLAN GOVERNS OVER ANY DISCREPANCY IN THIS SUMMARY.

The Plan will be funded with the net proceeds from the sale of the Property. The sale of the Property (as more fully discussed in Article IV of the Plan) following Confirmation of the Plan, shall not be subject to any stamp or similar transfer tax pursuant to 11 U.S.C. § 1146(a) because it will be sold pursuant to the Plan ~~after the Effective Date.~~

**A. Treatment of Unclassified Claims Under the Plan**

1. \_\_\_\_\_ Allowed Administrative Claims other than  
~~Claims of Professionals. To~~ Claims: Except to the extent that ~~any such Claims should exist,~~  
~~they~~ the Debtors and a Holder of an Allowed Administrative Claim agree to less favorable  
treatment, a Holder of an Allowed Administrative Claim shall be paid receive, in full satisfaction,  
settlement, release, and discharge of, and in exchange for, such Administrative Claim, Cash  
equal to the unpaid portion of such Allowed Administrative Claim either on the later of (a) the  
Effective Date; (b) 30 days after the date when an Administrative Claim becomes an Allowed  
Administrative Claim or 30 days after the date when an Administrative Claim becomes payable  
pursuant to any agreement between the Debtors and the Holder of such Administrative Claim, or  
(c) if the Allowed Administrative Claim is based on liabilities incurred by the Debtors in the  
ordinary course ~~and according to the~~ of their business after the Petition Date, in the ordinary  
course of business in accordance with the terms and conditions of the ~~respective contracts~~  
~~underlying such particular transaction giving rise to such Allowed Administrative Claims,~~  
without any further action by the Holders of such Allowed Administrative Claims. If either the

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~~Class 1 or Class 3 claim holder or a third party~~ In the event that the Third Party Highest Bidder is the successful bidder at the Auction, such ~~party~~ Third Party Highest Bidder shall be responsible for the payment of all Allowed Administrative Claims. The Debtors do not believe that there are any such Claims.

2. Allowed Administrative, Secured, Priority Tax and Related Claims of the City of New York. The Allowed Administrative, Secured, Priority Tax and ~~Related~~ related Claims of the City of New York, including Allowed Claims based upon any ~~administrative claims~~ Administrative Claims of the City of New York for, *inter alia*, water and sewer assessments, real estate taxes, violations and ECB judgments shall be paid in full the proceeds from ~~the~~ either (a) a sale upon by Development other than at the Auction or (b) the or Sale Closing Date Auction, whichever is applicable. In the event that ~~either the Class 1 or 3 claim holder or a third party~~ Third Party Highest Bidder is the successful bidder at the Auction, such ~~party~~ Third Party Highest Bidder shall be responsible for the payment of all Allowed Administrative, Secured, Priority Tax and ~~Related~~ related Claims of the City of New York. In the event that Development sells the Property other than at auction ~~the Auction~~, such fees shall be paid by Development, in full, in cash, at ~~such Closing Date~~ closing. The Debtors estimates these claims do not exceed \$25,000.

3.3. Allowed Professionals Claims: Except to the extent that the Debtors and a Holder of an Allowed Professional Claim agree to less favorable treatment, a Holder of an Allowed Professional Claim shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Professional Claim, Cash equal to the unpaid portion of such Allowed Professional Claim upon the later of (i) allowance by the Court pursuant to Section 330 of the Code, (ii) the Effective Date or (iii) the Sale Closing Date, from the proceeds of either (a) a sale by Development other than at the Auction or (b) the Auction. In the event that the Third Party

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Highest Bidder is the successful bidder at the Auction, such Third Party Highest Bidder shall be responsible for the payment of all Allowed Professional Claims. The estimated net unpaid Professionals Claims are: (a) DelBello, Donnellan, Et Al, Debtors' counsel - \$125,000; and (b) Debtors' Broker, Besen & Associates - \$375,000.

4. United States Trustee's Fees: The Debtors shall pay all United States Trustee quarterly fees under 28 U.S.C. §1930(a)(6), plus interest due and payable under 31 U.S.C. § 3717 on all disbursements, including Plan payments and disbursements in and outside the ordinary course of the Debtors' businesses, until the entry of a Final Decree, dismissal of the Chapter 11 Case or conversion of the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code.

Additionally, the Debtors shall file quarterly Post Confirmation Reports and schedule quarterly post-confirmation status conferences with the Court, which shall commence approximately 90 days from the date of the Confirmation Order. ~~In the event that either the Class 1 or 3 claim holder or a third party is the successful bidder at the Auction, such party shall be responsible for the payment of all outstanding United States Trustee Fees.~~

45. Allowed Priority Tax Claims: Allowed Priority Tax Claims pursuant to ~~11 U.S.C. §Section 507(a)(8), including) of the Code, other than~~ Allowed Priority Tax Claims ~~based upon any administrative claims~~ of the City of New York for, *inter alia*, water and sewer assessments, real estate taxes, violations and ECB judgments, shall be paid in full, in ~~cash~~Cash on the Sale Closing Date ~~by from~~ either (a) a sale by Development or other than at the Auction or (b) the Auction by either Development, WFF, 38<sup>th</sup> AM or the Third Party Highest Bidder, depending on who is the successful bidder at the Auction, as applicable. The Debtors do not believe there are any such Claims.

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6. Payment of unclassified Claims in event WFF or 38<sup>th</sup> AM is Successful Bidder at the Auction. In the event that either WFF or 38th AM is the successful bidder at the Auction, such party(ies) shall be responsible for the payment of Allowed Administrative Claims, Allowed Professional Claims, Allowed Administrative, Secured, Priority, Tax and Related Claims of the City of New York and Allowed Priority Tax Claims up to the Lender Cap. Any and all Allowed Administrative Claims, Allowed Professional Claims, Allowed Administrative, Secured, Priority, Tax and Related Claims of the City of New York and Allowed Priority Tax Claims in excess of the Lender Cap shall be paid and satisfied by the Principal.

**B. Treatment of Classes**

**Class 1:** The Allowed ~~WFF Secured Claim of WFF, together with any unpaid Allowed~~ interest, costs and reasonable attorneys' fees accrued thereon through the pre-Auction sale closing date shall be paid in full ~~on either from (a) a sale by Development other than at the Auction, or (b) the pre-Auction on the Sale Closing Date or Auction Sale Closing Date, as applicable. Interest shall accrue on the WFF Allowed Secured Claim to the date of payment at a rate to either be mutually agreed upon by WFF and the Debtors or determined by the Bankruptcy Court.~~ In the event that a pre-Auction sale contract Sale Contract has not been closed ~~upon~~ entered into on or before ~~July 15~~ June 30, 2017, the ~~Debtor~~ Debtors must either (1) satisfy the Allowed ~~Class 1~~ WFF Secured Claim in full, or (2) conduct a public auction ~~the Auction~~ no later than ~~August 15, 2017~~ the Auction Date and close on such transaction no later than ~~September 15, 2017~~ the Sale Closing Date. WFF shall have the right to Credit Bid the full amount of the WFF ~~Allowed Secured Claim at an auction sale (the "Auction"). In the event that WFF is the successful purchaser at the Auction, WFF shall be responsible, at closing on the Auction sale, to pay in full, in cash all Allowed unclassified Claims set forth in Section 3.1(a)-(5) above.~~

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~~The WFF Allowed~~ the Auction. The Allowed WFF Secured Claim is impaired under ~~the Plan~~  
under Section 1124 of the Bankruptcy Code. ~~this Plan.~~

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**Class 2:** Allowed Unsecured Claims against the Debtors, if any, shall receive a ~~pro-rata~~  
~~portion~~ Pro Rata share of the remaining proceeds up to 100% of their Allowed Unsecured Claim,  
if any, from the sale of the Property ~~up to 100%~~ either from (a) a sale by Development other than  
at the Auction or (b) the Auction after the payment in full of ~~all unclassified,~~ the Allowed WFF  
Secured Claim, Allowed Administrative, Claims, including Professional Claims, Allowed  
Priority, Tax Claims, Allowed Other Priority Claims, and Allowed Administrative, Secured and  
related Claims of the City of New York and any post-Effective Date legal fees and ~~Class 1~~  
~~Claims,~~ costs of the Debtors' estates, within ten (10) business days of the Sale Closing Date.  
Class 2 Allowed Unsecured Claims are impaired under this Plan. The Debtor believes that the  
Allowed Class 2 Claims total approximately \$70,000.

~~Class 3:~~ (a) Class 3: The Allowed 38th AM Secured Claim shall be paid in full either  
from (a) a sale by Development other than at the Auction, or (b) the Auction on the Sale Closing  
Date. In the event that ~~Development sells the Property pre Auction, the Allowed Secured Claim~~  
of 38 AM, together with any unpaid Allowed interest, costs and reasonable attorneys' fees  
accrued thereon through the pre Auction sale closing date shall be paid in full on the pre Auction  
sale closing date; or (b) In the event that a pre Auction sale contract Sale Contract has not been  
closed upon entered into on or before ~~July 15~~ June 30, 2017, the ~~Debtor~~ Debtors must either (1)  
satisfy the Allowed ~~Class 3~~ 38th AM Secured Claim in full, or (2) conduct the Auction no later  
than ~~August 15, 2017~~ the Auction Date and close on such transaction no later than ~~September 15,~~  
~~2017.~~ the Sale Closing Date. 38th AM shall have the right to Credit Bid the full amount of the  
~~WFF Allowed~~ 38th AM Secured Claim at the Auction. ~~In the event that WFF is the successful~~

purchaser at the Auction, WFF shall responsible, at closing on the Auction sale, to pay in full, in cash (a) all Allowed unclassified Claims set forth in Section 3.1(a) (5) above, inclusive, and (b) all ~~The~~ Allowed Class 1 and 2 Claims in full. The ~~38 AM~~ Allowed 38th AM Secured Claim is impaired under the Plan under Section 1124 of the Bankruptcy Code. this Plan.

**Class 4:** Allowed Interests shall receive a pro rata portion of the remaining proceeds of ~~from~~ the sale ~~proceeds~~ of the Property, if applicable, after the payment in full of all unclassified and classified Allowed Claims and any post-Effective Date legal fees and costs of the Debtors' estates. Class 4 Interests are unimpaired and are deemed to have accepted the Plan.

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**C. Means For Execution And Implementation Of The Plan**

Plan Funding. This Plan shall be funded from the net proceeds of either the pre-Auction sale or Auction of the Property, as applicable. All distributions shall be made by the Debtors or the Disbursing Agent in accordance with Article III ~~herein~~ of the Plan, except that to the extent that a Claim becomes an Allowed Claim after the Effective Date, within ten (10) days after the order allowing such Claim becomes a Final Order.

Means for Implementation: Sale or Auction.

(a) Subject to the time deadlines set forth in ~~this~~ Article IV of the Plan, the Debtors shall market the Property and the Broker shall ~~have the authority to engage a real estate broker and/or auctioneer to~~ assist in such efforts, in order to sell and liquidate the Property for the highest and best price on or before the Sale Closing Date. Upon Closing, the proceeds of sale shall be distributed to holders of Claims and Interests in the same manner as provided for in Article III ~~herein~~ of the Plan.

(b) In the event that ~~the Closing pursuant to~~ Development has not entered into a pre-Auction Sale Contract ~~has not timely occurred~~ on or before ~~July 15~~ June 30, 2017, the Debtor

shall conduct the Auction of the Property on or before ~~August 15, 2017~~ the Auction Date.

(c) The sale of the Property, whether pursuant to a Sale Contract or the Auction, shall be free and clear of any and all Claims, ~~Liens~~ Liens, encumbrances, equities and Interests of any nature or kind ~~(collectively, "Liens")~~ and shall constitute a sale and assignment under §§ 105, 365, 363(b), 363(f), 1123(b)(4) and 1129 of the Code. Nothing set forth herein shall prevent a sale and assignment subject to certain ~~Liens~~ Liens, provided that the purchaser and the holder of the ~~lien~~ Lien provides their consent in writing and the WFF Allowed Secured Claim ~~is~~ and Allowed 38<sup>th</sup> AM Secured Claim are paid in full.

(d) At ~~an~~ the Auction conducted pursuant to ~~subsections~~ subsection (b) above or otherwise, WFF and ~~38~~ 38<sup>th</sup> AM shall be entitled to and have the absolute right to Credit Bid the full amount of their ~~respect~~ respective Allowed Secured Claims ~~subject to obligation to pay Claims as set forth in Sections 3.2 and 3.4.~~

(e) any private sale of the Plan. Property under the Plan shall provide for and be conditioned upon the payment in full of all unclassified and classified Claims.

(c) ~~At an auction~~ the Auction:

(i) If WFF or ~~38~~ 38<sup>th</sup> AM is the highest or otherwise best bidder, no deposit shall be required and the payment of the purchase price shall be ~~(a) in cash as to the other Claims required to be paid under Sections 3.2 or 3.4 of this Plan, as applicable, and (b) deemed further~~ deemed paid by WFF or ~~38~~ 38<sup>th</sup> AM, as applicable, by the Credit Bid ~~and compensation and/or reimbursement of expenses to any auctioneer retained by the Debtor for the Auction; however with respect to the United State Trustee quarterly fees, the Debtor and/or Reorganized Debtor ultimately remains responsible for payment of same until the entry of a Final Decree, or dismissal or conversion of the case;~~

(ii) If WFF or ~~38~~38th AM (or its nominee) is not the highest or otherwise best bidder, immediately following the ~~auction~~Auction, the Third Party Highest Bidder shall execute the Sale Contract which shall provide, among other things, that: (i) a Closing of the sale will occur on or ~~at the option of the successful bidder~~, before ~~September 15, 2017~~the Sale Closing Date; and (ii) that time is of the essence with respect to the Sale Closing date~~Date~~;

(iii) -Any ~~successful bidder~~Third Party Highest Bidder (other than WFF or ~~38~~38th AM) shall pay to the Disbursing Agent at Closing of the Sale Contract: (a) -all Allowed unclassified and classified Claims in full, including, but not limited to, the Allowed WFF Secured Claim and Allowed 38th AM Secured Claim; (b)- United States Trustee quarterly fees incurred or to be incurred by the Debtors or Reorganized Debtors through the entry of a Final Decree; and (c) the commission and expenses of any ~~broker/auctioneer retained to conduct the Auction, however the Debtors and/or Reorganized Debtors ultimately remain responsible for payment of all United States Trustee quarterly fees that become due until the entry of a Final Decree, or dismissal or conversion of the case;~~

(iv) If the Third Party Highest Bidder defaults under the Sale Contract, ~~Development~~the Disbursing Agent will be entitled to keep the deposit for distribution under the Plan: and

(v) The Debtors shall reserve the second highest bidder. If WFF or ~~38~~38th AM (or its nominee) does not purchase the Property at the ~~auction~~Auction and the Third Party Highest Bidder is unable to close on the Sale Closing date~~Date~~, the Disbursing Agent shall contact the second highest bidder and enter into a Sale Contract of the

amount of such bid; provided however, that the Sale Contract with the second highest bidder shall comply with the provisions of ~~the~~this Plan, which sale must ~~close within~~ close on or before the Sale Closing Date.

~~(f)~~(f) In the event that the Debtor enters into a contract of sale for a private sale of the Property on or before June 30, 2017 but such contract fails to close on or before July 27, 2017, the Debtors shall enter into a contract of sale with WFF as the stalking horse bidder in accordance with Section 4.3.2 below and conduct an auction on or before the Auction Date and close on the Auction on or before Sale Closing Date.

~~(g)~~(g) The Debtors shall have the absolute right to satisfy the WFF and 38 AM Allowed WFF Secured Claims Claim and Allowed 38th AM Secured Claim at any time, up to the commencement of the Auction. In the event that the Debtors satisfy Debtor satisfies the Class 1 Allowed WFF Secured Claim and 3 Claims Allowed 38th AM Secured Claim in full prior to the Auction, the Auction shall be deemed canceled. In the event that the Debtors satisfy the Allowed WFF Secured Claim and Allowed 38th AM Secured Claim in full prior to the Auction, the Debtors shall also be required to simultaneously satisfy all Allowed unclassified and classified Claims in full.

Bid Procedures. The Bid Procedures shall be as set forth in the Disclosure Statement Approval Order, but shall include the following:

The Property will be advertised and marketed for sale by a ~~broker~~Broker or auctioneer in a commercially reasonable manner common in the industry for the same of a single asset real estate debtor in Queens County, New York.

The Property will be sold at the Auction to be held at ~~the United States Bankruptcy Court for the Eastern District of New York, Conrad B. Duberstein U.S. Courthouse, 271 C Cadman Plaza East, Brooklyn, NY 11201, at 11:00 a.m. on or before August 15, 2017~~Fox Horan & Camerini LLP, 825 Third Avenue, New York, New York 10022, no later than the Auction Date;

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Only Qualified Bidders shall be permitted to bid at the Auction. WFF and 38 AM shall be deemed Qualified Bidders and all other Qualified Bidders shall be deemed Qualified Competing Bidders. WFF shall provide an initial bid consisting of a credit bid Credit Bid of \$20,114,874.35 (as of March 31, 2017) and \$600,000 the WFF Secured Claim plus \$350,000 in cash, which amount is the estimate of the total Allowed Professional and United States Trustee Claims, plus assumption of (a) the auctioneer commissions and expenses; and (b) all pre- and post- Petition Date Claims arising from outstanding Claims of the City of New York for, inter alia, water and sewer assessments, real estate taxes, violations and ECB judgments. If 38 AM wishes to bid, 38 AM shall provide an initial bid consisting of (a) cash equal to the Class 1 Claims and (b) \$600,000 in cash, which amount is the estimate of the total Allowed Professional and United States Trustee Claims, plus assumption of (a) the auctioneer commissions and expenses; and (b) all pre- and post- Petition Date Claims arising from outstanding Claims of the City of New York for, inter alia, water and sewer assessments, real estate taxes, violations and ECB judgments.

In order to be a Qualified ~~Competing~~ Bidder, an entity other than WFF or 38 38th AM shall:

4.3.2.1 submit an all ~~cash~~ Cash offer for the ~~Premises~~ Property, without financing or due diligence contingencies, of not less than the ~~Class 1 Claim in cash~~ (a) Allowed WFF Secured Claim, plus (b) the Allowed 38th AM Secured Claim, plus (c) \$600,000 in cash Cash, which amount is the estimate of the total Allowed Administrative Claims, including Professional Claims, Allowed Administrative, Secured and relates Claims of the City of New York, United States Trustee Fees, Allowed Other Priority Claims, and Allowed Priority Tax Claims, plus assumption of (a) ~~(d)~~ the auctioneer commissions and expenses and (b) all pre- and post- ~~Filing Date~~ Claims arising from outstanding Claims of the City of New York for, inter alia, water and sewer assessments, real estate taxes, violations and ECB judgments; (c) Class 2 and 3 Claims.

4.3.2.2 provide financial information to the ~~Plan Proponents~~ Debtors, WFF and 38th AM which fairly demonstrates its ability to close on its purchase of the ~~Premises~~ Property;

4.3.2.3 submit a ~~deposit in the amount of \$2,400,000 (the "Deposit")~~;

4.3.2.4 consent to a Closing on the purchase of the Property on ~~the later of the date the Confirmation Order becomes a Final Order unless the Confirmation Order provides for §363(m) protection or fourteen (14) days after the entry of the Confirmation Order~~ or before the Sale Closing Date;

4.3.2.5 acknowledge that if it becomes the Successful Purchaser, its Deposit shall be deemed to be non-refundable and shall be forfeited if it fails to close for any reason.

4.3.2.6 if a Qualified ~~Competing~~ Bidder does not become the Successful Purchaser, its Deposit shall be returned to it within the earlier of (i) three Business Days after the Closing of a sale of the ~~Premises~~ Property to the Successful Purchaser; or (ii) 30 days after the date of the Auction;

4.3.2.7 WFF shall be permitted to ~~credit bid~~ Credit Bid all or any portion of the Allowed WFF ~~Class 1~~ Secured Claim up to the full amount of the ~~Class 1~~ Allowed WFF Secured Claim and such ~~credit bid~~ Credit Bid shall be deemed to be a Cash bid;

~~38~~4.3.2.8 ~~38th~~ AM shall be permitted to ~~credit bid~~ Credit Bid all or any portion of the ~~38~~ Allowed 38th AM ~~Class 3~~ Secured Claim up to the full amount of the ~~Class 3~~ Allowed 38th AM Secured Claim and such ~~credit bid~~ Credit Bid shall be deemed to be a Cash bid;

4.3.1.9 subsequent bids made at the Auction shall be in minimum increments of \$25,000 or such amount as the Debtors deem appropriate;

4.3.1.10 at such time as it appears to the Debtors' counsel, in the exercise of its reasonable discretion, that none of the Qualified Bidders present at the Auction are prepared to advance the bidding, the Debtors' counsel shall (after giving fair warning, on the record, to those Entities present) close the bidding on the record and the Entity which immediately prior to the close of the bidding shall have submitted the highest or otherwise best offer for the purchase of the ~~Premises~~ Property shall be declared the Successful Purchaser ~~and its bid the "Accepted Bid."~~ The ~~Debtor~~ Debtors shall submit an Order to the Bankruptcy Court confirming the sale to the Successful Purchaser and as part of that Order shall seek approval of granting the Successful Purchaser the protections under §Section 363(m) of the ~~Bankruptcy~~ Code.

4.3.1.11 The Property is subject to a 421(a) real estate tax exemption  
ANY POTENTIAL PURCHASER SHALL BE SUBJECT TO  
THE RIGHTS AND RESPONSIBILITIES ASSOCIATED WITH SUCH  
EXEMPTION.

Transfer of Assets. On the Effective Date, the Property shall be transferred to the Successful Purchaser, upon the terms and conditions and otherwise in accordance with the Plan. In connection therewith, the Successful Purchaser shall receive:

- a deed to the Premises in form and substance acceptable to the Successful Purchaser, executed by ~~Development~~ the Debtor to be recorded in the appropriate register's office (the "Deed"), free and clear of all Liens, Claims and encumbrances, except as otherwise set forth in the Plan;

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- ~~\_\_\_\_\_~~ a bill of sale in form and substance acceptable to the Successful Purchaser, executed by Development, transferring to the Successful Purchaser all personal property used in or useful to the operation and maintenance of the Premises ~~Property~~;
- ~~\_\_\_\_\_~~ an assignment in form and substance acceptable to Successful Purchaser, executed by ~~Development~~ the Debtor in favor of the Successful Purchaser, assigning any Executory Contract which the Successful Purchaser elects in writing [~~prior to the Confirmation~~ Sale Closing Date] to be so assigned;
- ~~\_\_\_\_\_~~ an assignment in form and substance acceptable to Successful Purchaser, executed by ~~Development~~ the Debtor in favor of the Successful Purchaser, assigning all unexpired leases ~~and leases not foreclosed by the State Court Judgment~~, tenant security deposits, licenses, approvals, permits and similar authorizations, and any pending application for any of the foregoing.

~~\_\_\_\_\_~~ This 1146(a) Exemption. The Plan expressly contemplates the sale of the Property on or after the Effective Date. ~~The post Effective Date sale shall therefore not be taxed under any law imposing a stamp or similar tax as provided for in Section~~ Pursuant to section 1146(a) of the Code ~~including (a) the transfer, (b) the creation of any mortgage, deed of trust, lien, pledge or other security interest; (c) the making or assignment of any contract, Lease or sublease; or (d) the making or delivery of any deed or other instrument or transfer under, in furtherance of, or in connection with the~~ any post-Confirmation transfers of the Property; ~~(b) the creation of any mortgage, deed of trust, lien, pledge or other security interest; (c) the making or assignment of any contract, Lease or sublease; or (d) the making or delivery of any deed or other instrument or transfer under, in furtherance of, or in connection with the~~ pursuant to the Plan. All such transfers, assignments and sales will ~~shall~~ not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, sales tax, use tax, or other similar tax ~~held to be a stamp tax or other similar tax~~ or governmental assessment to the fullest extent contemplated by applicable law.

~~\_\_\_\_\_~~ Application of 1146(a) Exemption. ~~The Plan expressly contemplates the sale of the Property on or after the Effective Date. The post Effective Date sale shall therefore not be taxed under any law imposing a stamp or similar tax as provided for in~~

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~~Section section 1146(a) of the Bankruptcy Code including (a) the transfer of the Property; (b) the creation of any mortgage, deed of trust, lien, pledge or other security interest; (c) the making or assignment of any contract, Lease or sublease; or (d) the making or delivery of any deed or other instrument or transfer under, in furtherance of, or in connection with the Plan. All and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents forgo 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 the payment of any such transfers, assignments and sales will not be subject to any stamp tax, or other similar tax held to be a stamp tax or other similar tax by applicable law tax or governmental assessment.~~

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**D. Resolution Of Disputed Claims & Reserves**

(a) Objections. An objection to the allowance of a Claim shall be in writing and may be filed with the Bankruptcy Court by the ~~Debtor~~ Debtors or any other party in interest no later than the Confirmation Date.

(b) Amendment of Claims. A Claim may be amended after the Effective Date only as agreed upon by the Debtor and the holder of such Claim and as approved by the Bankruptcy Court or as otherwise permitted by the Bankruptcy Code and Bankruptcy Rules.

(c) Reserve for Disputed Claims. The ~~Debtor~~Debtors shall reserve, on account of each holder of a Disputed Claim, that property which would otherwise be distributable to the holder on such date were the Disputed Claim at issue an Allowed Claim at the time of distribution, or such other property as the holder of the Disputed Claim at issue and the ~~Debtor~~Debtors may agree upon. The property so reserved for the holder, to the extent that the Disputed Claim is Allowed, and only after the Disputed Claim becomes a subsequently Allowed Claim, shall thereafter be distributed to such holder as provided below.

(d) Distributions to Holders of Subsequently Allowed Claims. Unless another date is agreed on by the Debtors and the holder of a particular subsequently Allowed Claim, the ~~Debtor~~Debtors or the Disbursing Agent shall, within ten (10) days after an Order resolving the Disputed Claim becomes a Final Order, distribute to such holder with respect to such subsequently Allowed Claim that amount, in cash, from the cash held in reserve for such holder and, to the extent such reserve is insufficient, from any other source of cash otherwise available to the ~~Debtors~~Debtors' estates, equal to that amount of cash which would have been distributed to such holder from the Effective Date through such distribution date had such holder's subsequently Allowed Claim been an Allowed Claim on the Effective Date. The holder of a subsequently Allowed Claim shall not be entitled to any additional interest on the Allowed Amount of its Claim, regardless of when distribution thereon is made to or received by such holder.

(e) Disputes Regarding Rights to Payments or Distribution. In the event of any dispute between and among holders of Claims and/or Interests (including the individual or entity or entities asserting the right to receive the disputed payment or distribution) as to the right of any entity to receive or retain any payment or distribution to be made to such entity under the

Plan, the ~~Disbursing Agent~~ Debtors may, in lieu of making such payment or distribution to such entity, remit the disputed portion of the Claim into an escrow account or to a distribution reserve as ordered by a court of competent jurisdiction or as the interested parties to such dispute may otherwise agree among themselves. Notwithstanding anything to the contrary, the ~~Debtors~~ Debtor shall make timely distributions on account of the undisputed portion of a Claim or Interest to such claimants.

(f) Claims Procedures Not Exclusive. All of the aforementioned Claims procedures are cumulative and not necessarily exclusive of one another. On and after the Confirmation Date, any Claims which were previously disputed may subsequently be compromised, settled, withdrawn, or otherwise resolved without further order of the Bankruptcy Court.

**E. Amendment, Modification, Withdrawal or Revocation of the Plan.**

The Debtors reserve the right, in accordance with the Section 1127 of the Bankruptcy Code, to amend or modify the Plan with such Order of the Bankruptcy Court, as may be required.

The Debtors may withdraw or revoke the Plan prior to the Confirmation Date. If such a withdrawal or revocation occurs, or if Confirmation does not occur, the Plan will be null and void. In such event, nothing contained in the Plan will constitute a waiver or release of any Claim by or against the Debtors or any other person or to prejudice in any manner the rights of the ~~Debtor~~ Debtors or any other person in any further proceedings involving the Debtors.

**F. Unclaimed Property**

Except as otherwise provided herein, in the event any claimant fails to claim any distribution within four (4) months from the date of such distribution, such claimant shall forfeit all rights thereto and to any and all future payments, and thereafter the Claim for which such

cash was distributed shall be treated as a disallowed Claim. Distributions to claimants entitled thereto shall be sent to their last known address set forth on the most recent proof of claim filed with the Bankruptcy Court or, if no proof of claim is filed, on the Schedules filed by the Debtors or to such other address as may be later designated by a creditor in writing. The Disbursing Agent and the ~~Debtor~~ Debtors shall use their collective best efforts to obtain current addresses for all claimants. The Disbursing Agent shall notify the Debtors of all returned distributions. All unclaimed cash shall be redistributed by the Disbursing Agent ~~pro rata to the holder of Class 2 Claims or Class 4 Interests, as applicable under~~ in accordance with the Plan.

**G. Plan Releases.**

**EFFECTIVE AS OF THE EFFECTIVE DATE, EACH DEBTOR ON BEHALF OF ITSELF AND ITS ESTATE, FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY 38TH AM AND WFF, SHALL BE DEEMED TO PROVIDE A FULL RELEASE TO EACH OF 38TH AM AND WFF (AND EACH SUCH PARTY SHALL BE DEEMED RELEASED BY EACH DEBTOR AND ITS ESTATE) AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL CAUSES OF ACTION AND ANY OTHER DEBTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, ACTIONS, DERIVATIVE CLAIMS, REMEDIES, AND LIABILITIES WHATSOEVER, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING AS OF THE EFFECTIVE DATE, IN LAW, AT EQUITY, OR OTHERWISE, WHETHER FOR TORT, CONTRACT, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS, OR OTHERWISE, BASED IN WHOLE OR IN PART UPON ANY ACT OR OMISSION, TRANSACTION, OR OTHER OCCURRENCE OR CIRCUMSTANCES EXISTING OR TAKING PLACE PRIOR TO OR ON THE EFFECTIVE DATE ARISING FROM OR**

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RELATED IN ANY WAY TO THE DEBTORS, THE PLAN, OR THESE CHAPTER 11 CASES, INCLUDING THOSE THAT THE DEBTORS WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT OR THAT ANY HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTORS OR ANY OTHER ENTITY COULD HAVE BEEN LEGALLY ENTITLED TO ASSERT DERIVATIVELY OR ON BEHALF OF THE DEBTORS OR THEIR ESTATES; PROVIDED THAT, THE FOREGOING “DEBTOR RELEASE” SHALL NOT OPERATE TO WAIVE OR RELEASE ANY CLAIMS OR CAUSES OF ACTION OF THE DEBTORS OR THEIR RESPECTIVE CHAPTER 11 ESTATES AGAINST 38TH AM OR WFF (I) ARISING UNDER ANY CONTRACTUAL OBLIGATION OWED TO THE DEBTORS THAT IS ENTERED INTO OR ASSUMED PURSUANT TO THE PLAN OR (II) ARISING UNDER THE SALE CONTRACT. NOTHING CONTAINED IN THE ABOVE RELEASE SHALL CONSTITUTE A WAIVER OR RELEASE BY THE DEBTORS OF ANY OBJECTION TO THE ALLOWED AMOUNT OF THE 38TH AM SECURED CLAIM OR THE WFF SECURED CLAIM, RESPECTIVELY.

H. Plan Injunction

~~Effective on the Confirmation Date, all persons who have held, hold or may hold Claims or Interests are enjoined from taking any of the following actions against or affecting the Debtors or assets of the Debtors with respect to such Claims, Interests or Administrative Claims, except as otherwise set forth in the Plan, and other than actions brought to enforce any rights or obligations under the Plan or appeals, if any, from the Confirmation Order:~~

~~(i) Commencing, conducting or continuing in any manner, directly or indirectly, any suit, action, arbitration, or other proceeding of any kind against the Debtors or the assets of~~

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~~the Debtors regarding the Claims or Interests;~~

~~—— (ii) Enforcing, levying, attaching, or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree, or order against the Debtor, the assets of the Debtor;~~

~~—— (iii) Creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Debtor, the assets of the Debtor;~~

~~—— (iv) Asserting any setoff, right of subrogation, or recoupment of any kind, directly or indirectly, against the Debtor, the assets of the Debtor; and~~

~~—— (v) Proceeding in any manner and any place whatsoever that does not conform to or comply with the provisions of the Plan~~ EXCEPT AS OTHERWISE EXPRESSLY

PROVIDED IN THE PLAN OR IN THE CONFIRMATION ORDER, ALL PERSONS OR ENTITIES WHO HAVE HELD, HOLD OR MAY HOLD CLAIMS AGAINST OR INTERESTS IN THE DEBTORS ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ANY SUCH CLAIM OR INTEREST AGAINST ANY OF THE DEBTORS, (II) THE ENFORCEMENT, ATTACHMENT, COLLECTION OR RECOVERY BY ANY MANNER OR MEANS OF ANY JUDGMENT, AWARD, DECREE OR ORDER AGAINST ANY DEBTOR WITH RESPECT TO SUCH CLAIM OR INTEREST, (III) CREATING, PERFECTING OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST ANY DEBTOR OR AGAINST THE PROPERTY OR INTERESTS IN PROPERTY OF ANY DEBTOR WITH RESPECT TO SUCH CLAIM OR INTEREST, (IV) ASSERTING ANY RIGHT OF SETOFF, SUBROGATION OR RECOUPMENT OF

ANY KIND AGAINST ANY OBLIGATION DUE TO ANY DEBTOR OR AGAINST THE PROPERTY OR INTERESTS IN PROPERTY OF ANY DEBTOR WITH RESPECT TO SUCH CLAIM OR INTEREST, EXCEPT AS CONTEMPLATED OR ALLOWED BY THE PLAN, (V) ACTING OR PROCEEDING IN ANY MANNER IN ANY PLACE WHATSOEVER, THAT DOES NOT CONFORM TO OR COMPLY WITH THE PROVISIONS OF THE PLAN, (VI) COMMENCING, CONTINUING, OR ASSERTING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND WITH RESPECT TO ANY CLAIMS WHICH ARE EXTINGUISHED OR RELEASED PURSUANT TO THE PLAN, AND (VII) TAKING ANY ACTIONS TO INTERFERE WITH THE IMPLEMENTATION OR CONSUMMATION OF THE PLAN.

I. ~~̄~~

~~H-Exculpation. Neither the Debtors nor any of their members, officers, directors, employees, attorneys, advisors, agents, representatives and assigns (the "Released~~ **THE EXCULPATED PARTIES**~~"), SHALL NEITHER HAVE ~~or~~ NOR INCUR ANY LIABILITY TO ANY entity ENTITY FOR ANY action ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH ~~or~~ OR RELATED TO the formulation, preparation, dissemination, Confirmation or consummation of FORMULATING, NEGOTIATING, SOLICITING, PREPARING, DISSEMINATING, CONFIRMING, OR IMPLEMENTING THE PLAN OR CONSUMMATING THE PLAN, THE DISCLOSURE STATEMENT, OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO, or any other action taken or omitted to be taken, IN CONNECTION WITH THE Chapter 11 Cases or the Plan except with respect to their obligations under the Plan and any related agreement or for bad faith, willful misconduct,~~

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~~gross negligence, breach of fiduciary duty, malpractice, fraud, criminal conduct, unauthorized use of confidential information that causes damages, and/or ultra vires acts.~~ PLAN OR ANY OTHER PREPETITION OR POST-PETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH OR IN CONTEMPLATION OF THE PLAN EXCEPT WITH RESPECT TO THEIR OBLIGATIONS UNDER THE PLAN AND ANY RELATED AGREEMENT OR FOR BAD FAITH, WILLFUL MISCONDUCT, GROSS NEGLIGENCE, BREACH OF FIDUCIARY DUTY, MALPRACTICE, FRAUD, CRIMINAL CONDUCT, UNAUTHORIZED USE OF CONFIDENTIAL INFORMATION THAT CAUSES DAMAGES, AND/OR ULTRA VIRES ACTS, PROVIDED THAT, EACH EXCULPATED PARTY SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL CONCERNING HIS, HER, OR ITS DUTIES PURSUANT TO, OR IN CONNECTION WITH, THE PLAN OR ANY OTHER RELATED DOCUMENT, INSTRUMENT, OR AGREEMENT. NOTWITHSTANDING THE FOREGOING, THE PROTECTIONS AND RELIEF AFFORDED UNDER SECTION 7.4 OF THE PLAN SHALL BE LIMITED TO THE PROTECTIONS AND RELIEF AFFORDED BY SECTION 1125(e) OF THE BANKRUPTCY CODE.

~~Notwithstanding any other provision hereof, nothing in Sections 7.2 or 7.3 or 7.4 of~~  
 the Plan shall (a) effect a release of any claim by the United States Government or any of its agencies or any state and local authority whatsoever, including, without limitation, any claim arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority against the Released Parties, nor shall anything in Sections 7.2, ~~7.3 or 7.4~~ of the Plan enjoin the United States or any state or local authority from bringing any claim, suit, action or other proceedings against any of

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the Released Parties referred to herein for any liability whatever, including, without limitation, any claim, suit or action arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority, nor shall anything in Section 7.24 of the Plan exculpate any party from any liability to the United States Government or any of its agencies or any state and local authority whatsoever, including liabilities arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority against the Parties referred to herein or (b) limit the liability of the ~~Debtors'~~ Debtor's professionals to the ~~Debtors'~~ Debtor pursuant to Rule 1.8(h)(1) of the New York Rules of Professional Conduct.

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**J. Full and Final Satisfaction**

Pursuant to the Plan, all payments and all distributions shall be in full and final satisfaction, settlement and release of all Claims and Interests, except as otherwise provided in the Plan.

**K. Retention of Jurisdiction**

The Bankruptcy Court shall retain jurisdiction of the Chapter 11 Cases:

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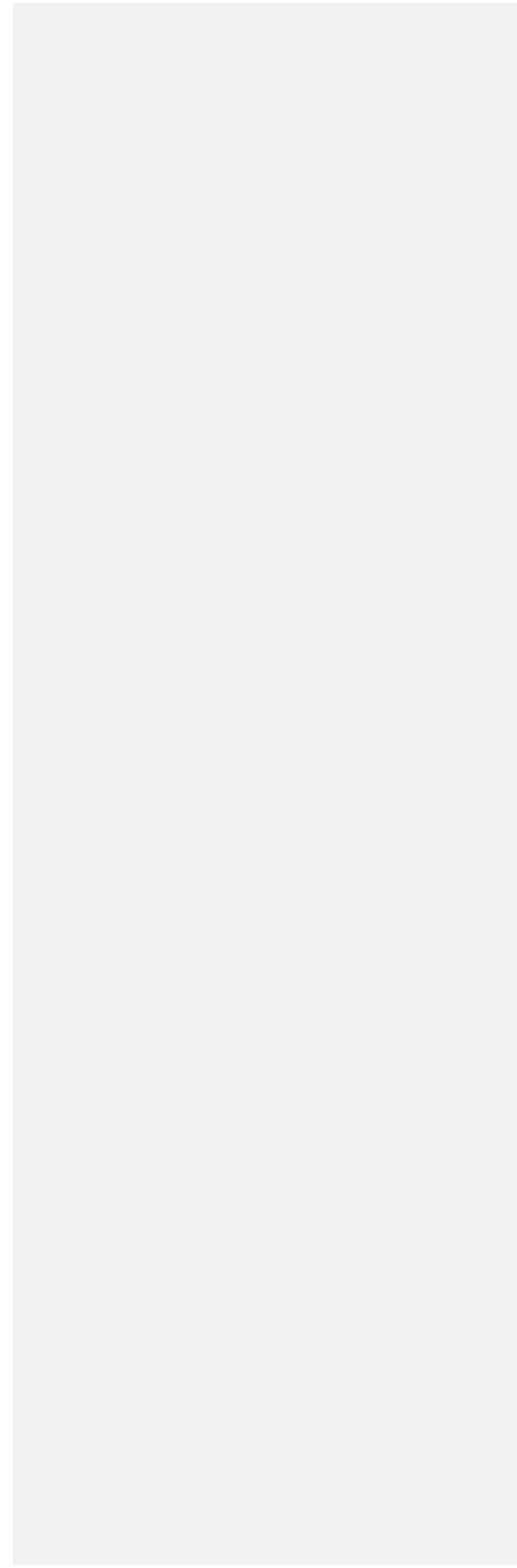
(a) To determine all controversies relating to or concerning the allowance of and/ or distribution on account of such Claims or Interests upon objection thereto which may be filed by any party in interest;

(b) To determine requests for payment of Claims entitled to priority under Section 507(a)(2) of the Bankruptcy Code, including any and all applications for compensation for professional and similar fees;

(c) To determine any and all applications, adversary proceedings, and contested or

litigated matters over which the Bankruptcy Court has subject matter jurisdiction pursuant to 28 U.S.C Sections 157 and 1334;

(d) To determine all disputed, contingent or unliquidated Claims and all disputed Interests;



(e) To determine requests to modify the Plan pursuant to Section 1127 of the Bankruptcy Code or to remedy any defect or omission or reconcile any inconsistencies in this Plan or Confirmation Order to the extent authorized by the Bankruptcy Code;

(f) To make such orders as are necessary or appropriate to carry out the provisions of the Plan;

(g) To resolve controversies and disputes regarding the interpretation or enforcement of the terms of the Plan;

(h) To determine any and all pending motions and applications for assumption or rejection of executory contracts and leases and the allowance and classification of any Claims resulting from the rejection of executory contracts and leases;

(i) To resolve any disputes which may arise concerning the sale or ~~Auction~~auction of the Property or the allowance and/or satisfaction of the WFF and Secured Claim or the 38 AM Secured Claims Claim as required under the Plan;

(j) To determine such other matters as may be provided for in the order of the Bankruptcy Court confirming the Plan or as may be authorized under the provisions of the Bankruptcy Code; and

(h) To enter a final decree closing the Chapter 11 Cases.

~~K.L.~~ **Post-Confirmation Operations, Management, Fees, Final Decree**

Pending the Sale Closing Date, the Debtors shall continue to operate and manage the Property. The Debtors do not believe there are any significant accounts receivable, in that there are a limited number of commercial tenants and no residential tenants at this time. The Debtors, upon information and belief, are current with all post-petition real estate taxes and the Property is fully insured.

The Debtors shall continue to be managed by their managing member, Hong Qin Jiang, who shall not receive any salary for any post-Confirmation services provided to the Debtors.

The reasonable professional fees and out-of-pocket expenses incurred by the Debtors post-Confirmation shall be paid by the ~~Debtor~~ Debtors within ten (10) days after presentation of invoices for such post-petition professional services. All disputes concerning post-confirmation fees and expenses shall be subject to Bankruptcy Court jurisdiction.

A The Debtors and the Disbursing Agent, as applicable, shall (a) file quarterly disbursement reports for each quarter the Chapter 11 Cases remain open, (b) pay United States Trustee fees pursuant to 28 U.S.C. Section 1930 plus interest due under 31 U.S.C. Section 3717 on all disbursements, including Plan payments and disbursements in and outside the ordinary course of the Debtors' business, (c) file quarterly post-Confirmation reports and (d) schedule quarterly post-Confirmation status conferences with the Court until the Chapter 11 Cases are either dismissed, converted to a case under Chapter 7 of the Bankruptcy Code or closed.

An application for a final decree shall be ~~entered~~ filed as soon as practicable after distributions have commenced under the Plan.

**LM. Continuation of Bankruptcy Stays**

All stays provided for in the Chapter 11 ~~Cases~~cases under Section 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

**M**

**N. Avoidance and Recovery Actions**

The Debtors ~~believe~~believes, after a thorough investigation and review with its counsel, that there are no causes of action under Sections 544, 547, 548, 550 and 553 of the Bankruptcy Code. As such, the ~~Debtor does~~Debtors do not intend to pursue any such cases of action.

**NO. Treatment of Executory Contracts**

Unless rejected by a prior order of the Court, in the event that leases, if any, have not been terminated, the leases for the Tenants at the Premises shall be assumed and assigned to the Successful Bidder and the successful bidder shall take subject to the rights and interests of such tenants, if any, pursuant to Article 4.4.3 and Article XIII of the Plan.

Any person or entity whose Claim arises from rejection of an executory contract shall, to the extent such Claim becomes an Allowed Claim, have the rights of a holder of an Unsecured Claim in Class 2 with respect thereto.

Any person or entity who has a Claim against the Debtors by virtue of rejection of an executory contract may file a Claim with the Clerk of the Court within twenty-five days (25) days following service upon such person or entity of notice of entry of the order confirming the Plan or order authorizing such rejection, whichever is later. If such Claim is not filed within such specified time, it shall forever be barred from assertion against the Debtors.

**III. FINANCIAL INFORMATION**

**A. The Debtors' Schedules of Assets and Liabilities.** Schedules have been filed with the Clerk of the Court and may be inspected by all interested parties.

**B. Chapter 7 Liquidation Analysis.** Because all creditors are impaired, no scenario exists, including but not limited to Chapter 7 liquidation, under which the creditors would be entitled to receive a distribution greater than that which the ~~Debtor has~~ Debtors have proposed in its Plan.

If ~~this case~~ these cases were converted to a case under Chapter 7 of the Bankruptcy Code and the Debtors' assets were liquidated by a Chapter 7 trustee, the holders of Class 2 Unsecured Claims would receive no distribution if the Chapter 7 trustee sold the Property for less than the Allowed Secured Claim of WFF. If the sale resulted in an amount larger than the Allowed Secured Claim of WFF, Class 2 may receive a distribution but it would be less than if the Property were sold pursuant to the Plan because there would be additional fees of the Chapter 7 Trustee and his or her professionals. Thus, the Debtors believe that the Plan satisfies the "best interests of creditors" test under Section 1129(a)(7) of the Code which requires that creditors receive a recovery under the Plan as they would receive in a hypothetical Chapter 7 case.

**IV. CONFIRMATION PROCEDURE**

**A. Time to Vote.** Pursuant to a Court order, ballots on the Debtor's Plan must be filed on or before ~~June~~ July 20, 2017. All ballots should be properly completed as to whether the creditor accepts or rejects the Plan and be forwarded, in accordance with the instructions on the ballot, to DelBello Donnellan Weingarten Wise & Wiederkehr, LLP, One North Lexington Avenue, White Plains, New York 10601, Attn: ~~Dawn Kirby~~ Jonathan S. Pasternak, Esq.



**B. Solicitation of Votes.** Any holder of a Claim in Class 1, Class 2 and Class 3 is entitled to vote if either (i) such holder's Claim has been scheduled by the Debtor in the Schedules filed with the Bankruptcy Court (provided that such Claim has not been scheduled as disputed, contingent or unliquidated), or (ii) such holder has filed a proof of Claim on or before the Bar Date (or, if not filed by such date, any proof of Claim filed with leave of the Bankruptcy Court), unless an objection to such Claim has been duly filed, or if the Bankruptcy Court has provisionally allowed the Claim for voting purposes. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that an acceptance or rejection was not solicited or procured or made in good faith or in accordance with the provisions of the Bankruptcy Code.

**C. Acceptance.** Class 1, Class 2 and Class 3 will be deemed to have accepted the Plan if the Plan is accepted by at least two-thirds in dollar amount and more than one-half in number of the holders of Claims actually voting of such Class. ~~Any ballot which is executed by the holder of an Allowed Claim or Interest but which does not indicate an acceptance or rejection of the Plan, shall be deemed neither an acceptance or a rejection of the Plan.~~ **ANY BALLOT WHICH IS EXECUTED BY THE HOLDER OF AN ALLOWED CLAIM OR INTEREST BUT WHICH DOES NOT INDICATE AN ACCEPTANCE OR REJECTION OF THE PLAN, SHALL BE DEEMED AN ACCEPTANCE OF THE PLAN. ANY CLASS OF IMPAIRED CREDITORS WHO FAILS TO VOTE ON THE PLAN WILL BE DEEMED TO HAVE ACCEPTED THE PLAN.**

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**B. Confirmation Hearing.** The Bankruptcy Code requires the Bankruptcy Court to hold a hearing on Confirmation of the Plan. The Confirmation hearing has been scheduled for the date set forth on the Court Order which accompanies this Disclosure Statement. The

Confirmation hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjournment made at the Confirmation hearing. At the Confirmation hearing, the Bankruptcy Court will (i) determine whether to give final approval to this Disclosure Statement (ii) hear and determine any objections to the Plan and to Confirmation of the Plan; (iii) determine whether the Plan meets the requirements of the Bankruptcy Code and has been proposed in good faith; and (iv) confirm or refuse to confirm the Plan.

**C. Statutory Requirements for Confirmation of the Plan**

At the confirmation hearing, the Debtor will request that the Bankruptcy Court determine that the Plan satisfies the requirements of Section 1129 of the Bankruptcy Code. If so, the Bankruptcy Court shall enter an order confirming the Plan. The applicable requirements of Section 1129 of the Bankruptcy Code are as follows:

(a) The Plan must comply with the applicable provisions of the Bankruptcy Code;

(b) The ~~Debtor~~Debtors must have complied with the applicable provisions of the Bankruptcy Code;

(c) The Plan has been proposed in good faith and not by any means forbidden by law;

(d) Any payment made or promised to be made by the ~~Debtor~~Debtors under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been disclosed to the Bankruptcy Court, and any such payment made before Confirmation of the Plan is reasonable, or if such payment is to be fixed after Confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable;

(e) The Debtors have disclosed the identity and affiliation of any individual proposed to serve, after Confirmation of the Plan, as a director, officer, or voting trustee of the Debtors under the Plan. Moreover, the appointment to, or continuance in, such office of such individual, is consistent with the interests of holders of Claims and Interests and with public policy. Since the Plan contemplates a liquidation of the Property there shall be no post-Confirmation compensation by the Debtors to the Debtors' existing ~~management~~Interest holders.

(f) Feasibility and "Best Interest" Tests: The Bankruptcy Code requires that in order to confirm the Plan, the Bankruptcy Court must find that confirmation of the Plan is not likely to

be followed by liquidation or the need for further financial reorganization of the Debtors (the “Feasibility Test”).

For a plan to meet the Feasibility Test, the Bankruptcy Court must find that the ~~Debtor~~Debtors will possess the resources to meet its obligations under the Plan. Since the Plan contemplates a sale of the ~~Debtor’s assets~~Property, Confirmation of the Plan is not likely to be followed by the need for further financial reorganization of the Debtors or any successor to the Debtors under the Plan. Until such time as the assets of the Debtors are fully liquidated, the ~~Debtors has provided for ample reserves to~~Principal shall ensure that there is sufficient cash on hand to satisfy the basic and critical expenses of the Debtors.

In addition, the Bankruptcy Court must determine that the values of the distributions to be made under the Plan to each Class will equal or exceed the values which would be allocated to such Class in a liquidation under Chapter 7 of the Bankruptcy Code (the “Best Interest Test”). The Best Interest Test with respect to each impaired Class requires that each holder of a Claim or Interest in such Class either (i) accept the Plan or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the ~~Debtor was~~Debtors were liquidated under Chapter 7 of the Bankruptcy Code. Because the Property will be sold privately or sold at ~~an auction~~the Auction, no scenario exists, including but not limited to Chapter 7 liquidation, under which the creditors would be entitled to receive a distribution greater than that which the Debtors have proposed in the Plan.

The Plan satisfies all of the statutory requirements of Chapter 11 of the Bankruptcy Code, including the “best interest” and feasibility requirements. The Plan is “fair and equitable” and “does not discriminate unfairly”. The Plan complies with all other requirements of Chapter 11 of the Bankruptcy Code and the Plan has been proposed in good faith.

**D. Objections to Confirmation.** Objections to confirmation must be in writing and specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim held by the objector. Any such objection must be filed with the Bankruptcy Court and served upon the following, with a copy to the Court’s chambers, so that it is received by them on or before 4:00 P.M. on the date set forth in the Court Order which accompanies this Disclosure Statement:

DelBello Donnellan Weingarten Wise & Wiederkehr, LLP  
One North Lexington Avenue  
White Plains, New York 10601  
(914) 681-0200

~~Dawn Kirby~~ Attn: Jonathan S. Pasternak, Esq.

Objections to confirmation of the Plan are governed by Federal Rule of Bankruptcy Procedure 9014.

**V. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN.**

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If the Plan is not confirmed and consummated, the alternatives include: (i) preparation and presentation of an alternative plan of reorganization; (ii) liquidation of the Debtors under Chapter 7 of the Bankruptcy Code; or (iii) dismissal of the Chapter 11 Cases, which would result in all creditor claims and rights of collection and enforcement being restored in full.

**VI. POST-CONFIRMATION REPORTS**

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~~The Debtors shall be responsible for filing post-Confirmation reports with the Bankruptcy Court and shall pay all quarterly fees required under 28 U.S.C. § 1930 and 31 U.S.C. § 3717, on behalf of the Debtors, until the earlier of (a) conversion or dismissal of the Chapter 11 Cases or (b) entry of a final decree closing the Chapter 11 Cases.~~

The Debtors and the Disbursing Agent, as applicable, shall (a) file quarterly disbursement reports for each quarter the Chapter 11 Cases remain open, (b) pay United States Trustee fees pursuant to 28 U.S.C. Section 1930 plus interest due under 31 U.S.C. Section 3717 on all disbursements, including Plan payments and disbursements in and outside the ordinary course of the Debtors' business, (c) file quarterly post-Confirmation reports and (d) schedule quarterly post-Confirmation status conferences with the Court until the Chapter 11 Cases are either dismissed, converted to a case under Chapter 7 of the Bankruptcy Code or closed. An application for a final decree shall be filed as soon as practicable after distributions have commenced under the Plan.

**VII. TAX CONSEQUENCES**

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**A. Tax Consequences of Confirmation.** Confirmation may have federal income tax consequences for the ~~Debtor~~ Debtors and holders of Claims and Interests. The Debtors have not obtained and does not intend to request a ruling from the Internal Revenue Service (the "IRS"), nor have the Debtors obtained an opinion of counsel with respect to any tax matters. Any federal income tax matters raised by Confirmation of the Plan are governed by the Internal Revenue Code and the regulations promulgated thereunder. The Debtors, creditors and holders of Interests 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 Plan. The following is intended to be a summary only and not a substitute for careful tax planning with a tax professional. The federal, state and local tax consequences of the Plan may be complex in some circumstances and, in some cases, uncertain. Accordingly, each holder of a Claim or Interest is strongly urged to consult with his or her own tax advisor regarding the federal, state and local tax consequences of the Plan, including but not limited to the receipt of cash under this Plan.

**B. Tax Consequences to the Debtors.** In the event that the property is sold through the Plan, the Debtors will not be entitled to a discharge. However, if the Debtors otherwise refinance or satisfy the Allowed WFF Secured Creditors Claim and the Allowed 38<sup>th</sup> AM Secured Claim without the need for sale, the Debtors will be entitled to modify the Plan and seek a discharge. If the Debtors seek such a discharge, the Debtors may not recognize income as a result of the discharge of debt pursuant to the 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.

**VIII. NOTICES**

All notices and correspondence should be forwarded in writing to:

SHIROKIA DEVELOPMENT LLC  
 142-23 37<sup>th</sup> Avenue  
 Flushing, NY 11354  
 Attn: Hong Qin Jiang

SHIROKIA MEZZ I LLC  
 142-23 37<sup>th</sup> Avenue  
 Flushing, NY 11354  
 Attn: Hong Qin Jiang

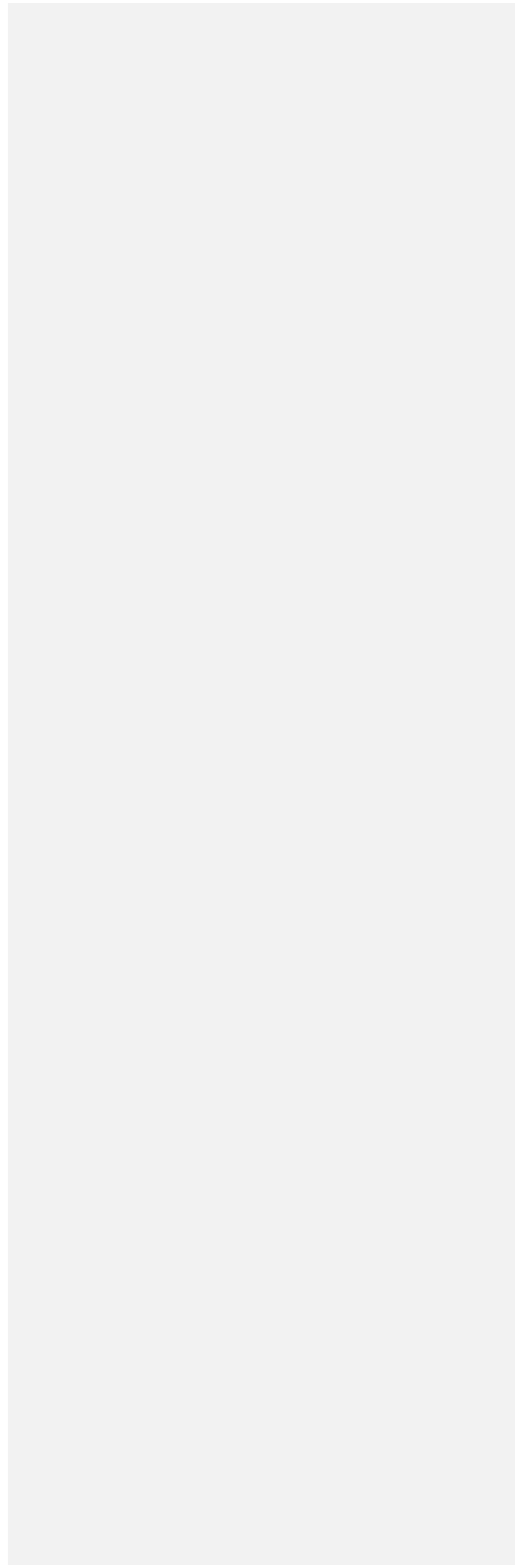
with a copy to:

DELBELLO DONNELLAN WEINGARTEN  
 WISE & WIEDERKEHR, LLP  
 One North Lexington Avenue  
 White Plains, New York 10601  
 Attn: Jonathan S. Pasternak, Esq.  
 \_\_\_\_\_ Dawn Kirby, Esq.

If to WFF and 38<sup>th</sup> AM:

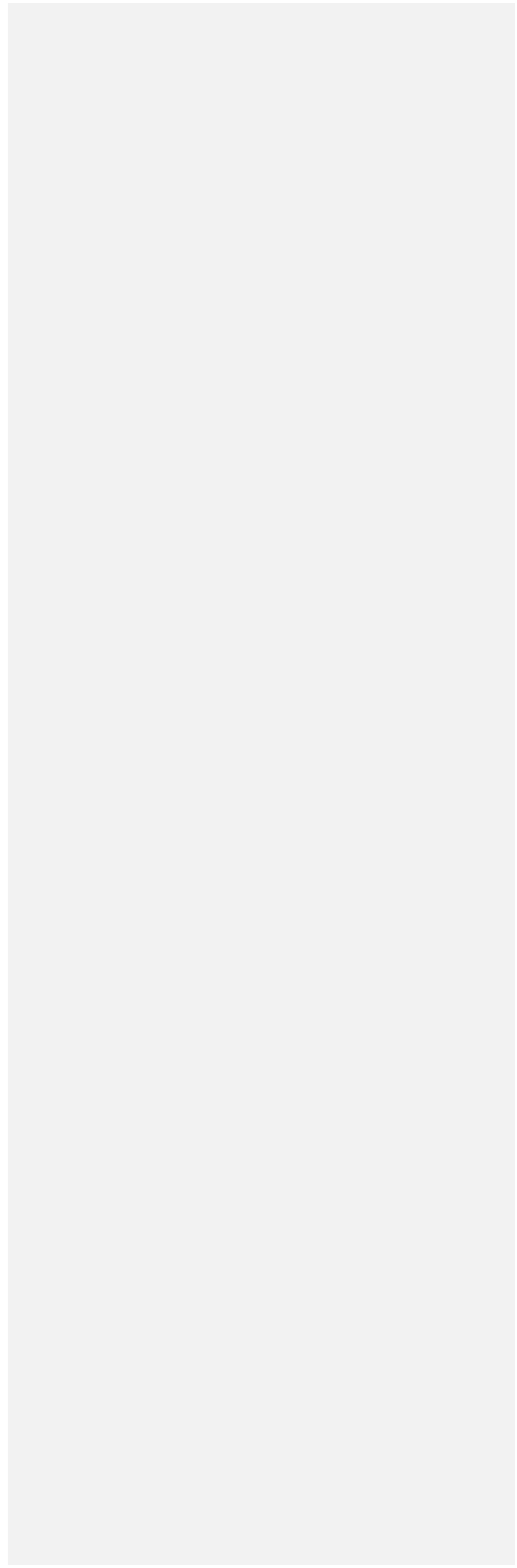
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COLE SCHOTZ P.C.  
25 Main Street  
Hackensack, New Jersey 07601  
Attn: James Kim, Esq.





~~IX~~ Michael Yellin, Esq.



**X. RECOMMENDATION**

The Debtors believe that Confirmation of the Plan is preferable to any of the alternatives described above. The Plan will provide greater recoveries than those available in a Chapter 7 liquidation to all holders of Claims. Any other alternative would cause significant delay and uncertainty, as well as substantial additional administrative costs.

Dated: Flushing, New York  
~~April 7~~ June 12, 2017

SHIROKIA DEVELOPMENT, LLC and  
SHIROKIA MEZZ I, LLC

By: /s/ Hong Qin Jiang  
Hong Qin Jiang, Managing Member

DELBELLO DONNELLAN WEINGARTEN  
WISE & WIEDERKEHR, LLP  
Attorneys for the ~~Debtors~~ Debtor

By: ~~/s/ Dawn Kirby~~ Jonathan S. Pasternak  
~~Dawn Kirby~~ Jonathan S. Pasternak, Esq.  
One North Lexington Avenue  
White Plains, New York 10601  
(914) 681-0200

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