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1704 Avenue M

(718) 627-4460

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NEW YORK

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In re:

18-44708-ess

2745 West 16<sup>th</sup> Street, LLC

**CHAPTER 11**

Debtor.

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**CHAPTER 11 DEBTOR'S DISCLOSURE STATEMENT**

Law Offices of Solomon Rosengarten  
Attorney for 2745 West 16<sup>th</sup> Street, LLC, Chapter 11 Debtor  
1704 Avenue M  
Brooklyn, New York 11230  
(718) 627-4460

THE DEBTOR RESERVES ALL RIGHTS UNDER RULE 3017 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND APPLICABLE CASE LAW AUTHORITY THAT COURT APPROVAL OF THIS DISCLOSURE STATEMENT AND/OR THE DEBTOR'S UTILIZATION OF THIS DISCLOSURE STATEMENT MAY NOT BE REQUIRED BY VIRTUE OF THE FACT THAT NO CLAIMS ARE IMPAIRED BY THE DEBTOR'S PLAN.

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

THIS DISCLOSURE STATEMENT IS THE ONLY DOCUMENT AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES TO ACCEPT OR REJECT THE DEBTOR'S PLAN OF REORGANIZATION (THE "PLAN") PROPOSED BY 411 ROGERS AVENUE, LLC (THE "DEBTOR"). NO OTHER REPRESENTATIONS CONCERNING THE DEBTOR, THE VALUE OF ITS ASSETS OR BENEFITS OFFERED UNDER THE PLAN HAVE BEEN AUTHORIZED.

THE APPROVAL OF THE DISCLOSURE STATEMENT MEANS THAT THE BANKRUPTCY COURT HAS FOUND THAT THE DISCLOSURE STATEMENT CONTAINS ADEQUATE INFORMATION TO PERMIT CREDITORS OF THE DEBTOR TO MAKE A REASONABLY INFORMED DECISION IN EXERCISING THEIR RIGHT TO VOTE UPON THE PLAN. COURT APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A RECOMMENDATION ON THE MERITS OF THE PLAN. A COPY OF THE PLAN IS ANNEXED HERETO AS **EXHIBIT "1"** AND DESCRIBED HEREIN.

ANY REPRESENTATIONS OR INDUCEMENTS MADE TO OBTAIN YOUR ACCEPTANCE WHICH ARE OTHER THAN, OR INCONSISTENT WITH, THE INFORMATION CONTAINED HEREIN SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION WHETHER TO APPROVE THE PLAN. THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION; NOR HAS THAT COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. THERE HAS BEEN NO INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION CONTAINED IN THE DISCLOSURE STATEMENT EXCEPT AS EXPRESSLY INDICATED HEREIN. THIS DOCUMENT WAS COMPILED FROM INFORMATION OBTAINED BY THE DEBTOR AND FROM OTHER SOURCES BELIEVED TO BE ACCURATE TO THE BEST OF THE DEBTOR'S KNOWLEDGE, INFORMATION AND BELIEF.

THIS DISCLOSURE STATEMENT CONTAINS ONLY A SUMMARY OF THE PLAN. ALL CREDITORS AND OTHER INTERESTED PARTIES ARE ENCOURAGED TO REVIEW THE FULL TEXT OF THE PLAN AND TO READ CAREFULLY THE ENTIRE DISCLOSURE STATEMENT, INCLUDING ALL EXHIBITS, BEFORE DECIDING TO VOTE EITHER TO ACCEPT OR REJECT THE PLAN.

**TABLE OF CONTENTS**

	Page
I INTRODUCTION.....	1
A. Background.....	1
B. The Plan Confirmation Process .....	2
II SUMMARY OF PLAN.....	3
A. Summary of Categories of Claims.....	3
B. Summary of Plan Distributions.....	4
C. Source of Information.....	5
III HISTORY OF THE CHAPTER 11 CASE.....	6
A. History of Case .....	6
B. Retention of Professionals .....	8
C. Claims Bar Date.....	8
D. The Bidding Procedures Motion.....	9
E. The Receiver Motion .....	9
IV THE PLAN OF REORGANIZATION .....	10
A. Explanation of Chapter 11 .....	10
B. Claims .....	11
C. Classes Of Claims or Interests .....	11
Unclassified Claims .....	11
1. Administrative Expenses.....	11
2. Fees and Expenses of United States Trustee.....	12
3. Priority Tax Claims .....	12
Classified Claims .....	12
D. Treatment of Allowed Claims.....	12
Allowed Administrative Expense Claims.....	12
United States Trustee Claims.....	13
Priority Tax Claims.....	13
Class 1 Claims – Allowed Secured Claims.....	14
Class 2 Claims – Allowed Priority Claims .....	14
Class 3 Claims – Allowed Unsecured Claims.....	14
Class 4 Claims – Member Interest .....	14
V IMPLEMENTATION OF THE PLAN.....	15
VI FEASIBILITY.....	16
VII CONDITIONS PRECEDENT TO CONFIRMATION OF THE PLAN AND THE EFFECTIVE DATE.....	16
VIII VOTING .....	16
IX REQUIREMENT FOR CONFIRMATION OF THE PLAN.....	17
A. Confirmation Hearing .....	17
B. Objections to Confirmation.....	17
C. Acceptance of the Plan.....	17
D. Confirmation of Plan.....	18
X EFFECT OF CONFIRMATION; INJUNCTION; RELEASE.....	18
A. Effect of Confirmation.....	18
B. Injunction .....	18

C. Release .....	19
XI ALTERNATIVES TO THE PLAN AND OTHER CONSIDERATIONS.....	20
A. Alternatives to the Plan.....	20
B. Best Interests of Unsecured Creditors.....	21
C. Liquidation Analysis.....	22
XII RECOMMENDATION OF THE DEBTOR.....	22
XIII ADDITIONAL INFORMATION.....	23
XIV TAX CONSEQUENCES.....	23
XV CONCLUSION.....	24

I

**INTRODUCTION**

**A. Background**

1. 2745 West 16<sup>th</sup> Street, LLC (the “**Debtor**”) submits this Disclosure Statement (the “**Disclosure Statement**”), pursuant to 11 U.S.C. § 1125 (the “**Bankruptcy Code**”), to creditors of the Debtor (the “**Creditors**”) in connection with the: (i) Debtor’s Plan of Reorganization dated December 5, 2018 (the “**Plan**”), proposed and filed by the Debtor with the United States Bankruptcy Court for the Eastern District of New York (the “**Bankruptcy Court**”); and (ii) hearing on confirmation of the Plan to be scheduled by further notice and/or Order of the Court. Unless otherwise defined herein, all capitalized terms contained herein shall have the meanings ascribed to them in the Plan.

2. Attached as an Exhibit and accompanying this Disclosure Statement is a copy of the following:

Exhibit “1” - The Plan

**B. The Plan Confirmation Process**

3. The Debtor will seek approval of this Disclosure Statement from the Bankruptcy Court as containing adequate information to permit creditors of the Debtor to make a reasonably informed decision in exercising their right to vote upon the Plan. Approval of this Disclosure Statement does not, however, constitute a determination by the Bankruptcy Court as to the fairness or merits of the Plan. Each Creditor should read this Disclosure Statement and the Plan in their entirety.

4. Pursuant to various provisions of the Bankruptcy Code, only classes of claims that are “impaired” under the terms and provisions of a plan are entitled to vote to accept or reject such plan. Accordingly, pursuant to the Debtor’s Plan, no classes are impaired and therefore no classes are entitled to vote.

5. In accordance with Section 1128 of the Bankruptcy Code, the Bankruptcy Court shall schedule a hearing, pursuant to a separate notice or Order of the Court, to consider confirmation of the Plan (the “**Confirmation Hearing**”) in the Courtroom of the Honorable Elizabeth Stong, United States Bankruptcy Judge, at the United States Bankruptcy Court, Eastern District of New York, 271-C Cadman Plaza East, Brooklyn, New York 11201. Objections, if any, to confirmation of the Plan shall be served and electronically filed with the Bankruptcy Court in accordance with such further notice from and/or Order of the Court. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjourned hearing date made at the Confirmation Hearing or at any subsequent adjourned date.

## II

### SUMMARY OF PLAN

6. The table below provides a summary of the classification and treatment of Claims under the Plan. The figures set forth in the table below represent the Debtor’s best estimate of the total amount of Allowed Claims in the case. These estimates have been developed by the Debtor based on a Referee’s Report in the foreclosure proceeding in the New York Supreme Court, Kings County, and an estimate of additional interest since the date of the Referee’s Report. There can be no assurance that the amount of Claims that may be filed and allowed by the Bankruptcy Court will not exceed the amounts set forth or described herein. Nothing set forth in these

schedules shall be deemed an admission by the Debtor as to the existence, validity, priority or amount of any claim asserted against the Debtor. The Debtor fully reserves all of its rights to object to claims.

**A. Summary of Categories of Claims:**

Class	Nature of Claims	Approximate Dollar Amount of Claims in Class
Unclassified—U.S. Trustee	Office of the United States Trustee	Unknown
Unclassified—Priority Tax Claims	Priority Tax Claims	\$ 149,703.27 (est.)
Class 1	Secured Claim	\$ 1,613,000.00 (est.)

**B. Summary of Plan Distribution**

7. A summary description of each class of Claims and the treatment of such Claims is set forth below:

Class Description	Treatment
<b>Unclassified: U.S. Trustee</b> This class consists of outstanding fees owed, if any, to the Office of the United States Trustee	Any fees due to the United States Trustee shall be paid in full on or within fifteen (15) days after the Effective Date. Fees due to the United States Trustee through final decree shall be paid each such calendar quarter by the Debtor.
<b>Class 1: Secured Claims</b> This class consists of claims that are secured to the Debtor's Real Property (as defined herein) held by held Frank's West 15 <sup>th</sup> Corp.	Allowed Secured Claims will be paid in equal monthly payments of \$12,500.00 for a period of one year on the Effective Date and the balance on the anniversary date of the Effective Date
<b>Class 2: Priority Tax Claims</b> This consists of priority tax claims, pursuant to 11 U.S.C. §507(a)(8), held by the NYC Water Board	Allowed Priority Tax Claims of governmental units will be paid in full, in equal monthly installment, over a period of thirty-six (36) months, commencing within fifteen (15) days after the Effective Date.

**C. Source of Information**

8. The information contained in this Disclosure Statement was prepared by Joseph Vitale, , the sole member of the Debtor, based upon the Debtor's books and records, the



Debtor's bankruptcy petition and schedules, information obtained from the Judgment of Foreclosure and Sale in the New York Supreme Court, Kings County and reviewing the Debtor's known creditor base. The estimates of Claims set forth herein may vary from the final amount of Claims allowed by the Bankruptcy Court or based upon additional proofs of claim that may be filed with the Bankruptcy Court, but the Debtor believes that the numbers and dollar amounts reflected herein are very close to final and allowable amounts according to scheduled debts of creditors. While every effort has been made to insure the accuracy of all such information, the information presented herein is unaudited and has not been examined, reviewed, or compiled by an independent public accountant.

### III

#### HISTORY OF THE CHAPTER 11 CASE

##### A. History of Case

9. The Debtor is a limited liability company that was formed in the State of New York on October 15, 2010.

10. By deed dated January 13, 2011, and recorded on January 26, 2011, the Debtor purchased the Real Property for the sum of \$1,200,000 (Estimated). The Real Property presently consists of two (2) residential units and three (3) commercial units.

11. On January 13, 2011 the Debtor signed and delivered to Frank's West 15<sup>th</sup> Corp. a Note and Mortgage principal amount of \$1,000,000.00.

12. By complaint filed July 21, 2014, Frank's West 15<sup>th</sup> Corp commenced a mortgage foreclosure proceeding with respect to the real property owned by the Debtor in the Supreme Court of the State of New York, County of Kings, under Index Number 506651/2014 (the "**Foreclosure Proceeding**").

13. On May 31, 2018, a Judgment of Foreclosure (the “**Judgment**”) was entered in the Foreclosure Proceeding’ said Judgment recited that the sum due on the mortgage as of \$1,345,687.97, with interest as per the terms of the Note from May 31, 2017, and, upon entry of judgment, at the statutory post-judgment rate.

14. An auction pursuant to said Judgment was scheduled on August 15, 2018. On August 15, 2018 (the “**Petition Date**”), the Debtor filed a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the Eastern District of New York (the “**Court**”).

15. On August 15 and August 16, 2018, the Debtor filed its schedules, statement of financial affairs and all other required documents with the Clerk of the Court.

16. No operating trustee or examiner has been appointed and, upon information and belief, no official committee of unsecured creditors has been formed.

17. Meetings of creditors, pursuant to 11 U.S.C. § 341(a), were held.

**B. Retention of Professionals**

18. The Debtor employed the law firm of Solomon Rosengarten

19. Concurrently with this Plan, the undersigned is filing a Retention application and Order to authorize and approve the as counsel to the Debtor. This Court entered an Order dated March 9, 2016 authorizing and approving the retention of Solomon Rosengarten as counsel to the Debtor.

**C. Claims Bar Date**

20. A Claims Bar for filing proofs of claim in this case has not yet been established.

**IV**

**THE PLAN OF REORGANIZATION**

**A. Explanation of Chapter 11**

21. Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor seeks to reorganize its business and financial affairs. A debtor may also liquidate its assets and wind up its affairs in Chapter 11. The formulation and confirmation of a plan of reorganization is the principal purpose of a Chapter 11 case. A plan of reorganization sets forth the means of satisfying or discharging the holders of claims against a Chapter 11 debtor. Chapter 11 does not require that each holder of a claim against a debtor vote in favor of a plan in order for the Bankruptcy Court to approve a plan. If any class of claimants is “impaired” by a plan, the plan must be accepted by at least one “impaired” class of claims. A claim that will not be repaid in full, or a Claimant whose legal rights are altered, or an interest that is adversely affected, are deemed “impaired.”

22. The holder of an impaired claim is entitled to vote to accept or reject the plan if the claim has been allowed under Section 502 of the Bankruptcy Code, or temporarily allowed for voting purposes under Bankruptcy Rule 3018. Acceptance by a particular class must be by a majority in number and two-thirds (2/3) of the dollar amount of the total claims actually voting in the class.

23. .

**B. Claims**

**C. Classes Of Claims or Interests**

**Unclassified Claims**

24. 1. **Administrative Expenses:** Allowed Administrative Expense Claims are claims against the estate for any costs or expenses incurred during the Chapter 11 case that are allowed and entitled to priority under Sections 503(b) and 507(a)(1) of the Bankruptcy Code, including, but not limited to, all actual and necessary expenses, and all allowances of compensation or reimbursement of expenses of professionals retained by the Debtor to the extent permitted by the Court.

25. Administrative Expense Claims include claims of Professionals approved by Order of the Bankruptcy Court who have assisted in the administration of this case and the administrative proofs of claims that were filed with the Court. This sum includes the fees and expenses of professionals retained pursuant to Orders of the Bankruptcy Court, namely Debtor's counsel, accountants, broker and the Receiver. Such professional fees are subject to Court approval. The Debtor estimates that the Administrative Expense Claims unpaid in this class, as of the Effective Date, will total approximately \$90,000.00.

26. **Fees and Expenses of United States Trustee:** The Debtor shall pay all statutory quarterly fees and any applicable interest thereon due to the Office of the United States Trustee that come due through and including the earlier of the date of entry of a final decree closing this Chapter 11 proceeding or of the date of entry of an order dismissing or converting the case to one under Chapter 7 of the Bankruptcy Code.

27. **Priority Tax Claims:** Allowed Priority Tax Claims of the New York City Water Board, will be paid in full, over a thirty-six month period, in equal monthly payments, commencing on or within fifteen (15) days after the Effective Date.

**Classified Claims**

Class 1 Claims: Class 1 consists of all Allowed Secured Claims.

**D. Treatment of Allowed Claims**

**Allowed Administrative Expense Claims**

28. Administrative Expense Claims are unimpaired. Allowed Administrative Expense Claims shall consist of: (a) Professional fees and expenses and (b) the Debtor's unpaid post-Petition Date, pre-Effective Date operating expenses, if any. Each holder of an Allowed Administrative Expense Claim shall be paid in full, in cash, on the Effective Date. In the event of any subsequent conversion of this case to a case under Chapter 7 of the Bankruptcy Code, all payments on account of any Allowed Administrative Expense Claim are deemed to have been made in the ordinary course of the Debtor's business and will not be deemed preferential or unauthorized under Sections 547 or 549 of the Bankruptcy Code. Holders of Administrative Expense Claims are not entitled to vote on the Plan and are deemed to have accepted the Plan.

29. Allowed Administrative Expense Claims, if any, representing liabilities incurred in the ordinary course of business by the Debtor will be assumed and paid by the Debtor in accordance with the terms and conditions of the arrangements with the particular creditor and in accordance with ordinary business terms.

**E. United States Trustee Claims**

F. The United States Trustee claims are unimpaired. The Debtor shall pay all statutory fees due to the Office of the United States Trustee and any applicable interest thereon that come due up to, and including, the earlier of the date of entry of a final decree closing this Chapter 11 proceeding or of the date of entry of an order dismissing or converting the case to one under Chapter 7 of the Bankruptcy Code.

Priority Tax Claims

G. Priority Tax Claims are impaired. Allowed Priority Tax Claims of governmental units, will be paid, over a period of thirty-six months, in equal monthly installments, commencing on or within fifteen (15) days after the Effective Date.

Class 1 Claims – Allowed Secured Claims

H. This class is impaired. The Allowed Secured Claims shall be paid in full, commencing on the Effective Date, over a twelve (12) period, unless otherwise agreed to by such claim holder. The Debtor estimates the aggregate, approximate amount of Allowed Secured Claims to be \$1,613,000.00, plus interest as it accrues.

V

**IMPLEMENTATION OF THE PLAN**

30. On the Effective Date, the Debtor shall have sufficient funds to implement the first part of the Plan, which will be paid over a twelve (12) month period. These funds will be received through the collection of rent from the tenants at the subject property, which presently totals \$13,300 per month. Debtor intends to increase the rent so that the total income from rents will \$17,000.00 per month. After the initial twelve month period, Debtor will receive a loan from GPS Capital, 953 East 31<sup>st</sup> Street, Brooklyn, New York 11210, in the sum of one million, six-hundred thousand dollars (\$1,600,000.00).

31. On or after the Effective Date, the Debtor shall continue to exist with all the powers of a Limited Liability Company under applicable law, may use and dispose of property and compromise or settle any claims in accordance with this Plan.

## VI

### FEASIBILITY

32. The Debtor anticipates that the collection of rents and the loan to be received will allow the Debtor to make all the distributions contemplated under this Plan in full. As a result, the Debtor submits that the Plan is certainly feasible.

If the Plan is not feasible, then it entitles any creditor or party in interest to move this Bankruptcy Court, on notice to the Debtor, Debtor's counsel, and the Office of the United States Trustee, to declare the Plan terminated and of no further force and effect, and any deferred indebtedness and any accruals of interest on payments, if any, shall then become immediately due and payable. Failure or delay by any creditor or party in interest to give such notice or to make such motion to declare an event of default shall not constitute a waiver or release of any right of any creditor or party in interest to move to declare a default by reason of such event or any other prior or subsequent event of default.

Upon written receipt from any creditor or parties in interest of a notice of default, the Debtor will have twenty (20) days from receipt of such notice to cure such default and during such twenty (20) days, any creditor or party in interest will take no action to terminate this Plan. If such default is cured within the twenty (20) day period, then the Plan will continue in full force and effect. Notice of default must be sent to the Debtor by certified mail, return receipt requested, to the following address: the Law Offices of Solomon Rosengarten, counsel for the Debtor, 1704 Avenue M, Brooklyn, New York 11230.

**VII**

**CONDITIONS PRECEDENT TO CONFIRMATION OF THE  
PLAN AND THE EFFECTIVE DATE**

33. In order for the Plan to be confirmed, the Confirmation Order must be entered by the Bankruptcy Court.

**VIII**

**VOTING**

34. The Plan provides that all holders of Allowed Claims will receive a 100% distribution on account of their Allowed Claims.

**IX**

**REQUIREMENT FOR CONFIRMATION OF THE PLAN**

**A. Confirmation Hearing**

35. The Bankruptcy Code requires that the Bankruptcy Court, after notice, hold a hearing to consider confirmation of the Plan. The Confirmation Hearing shall be scheduled by the Court to be held before the Hon. Elizabeth Stong, Judge of the United States Bankruptcy Court, Eastern District of New York, 271-C Cadman Plaza East, Brooklyn, New York 11201. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the Confirmation Hearing.

**B. Objections to Confirmation**



36. Any objections Confirmation of the Plan must be in writing, filed with the Bankruptcy Court with a courtesy copy to Chambers of the Honorable Elizabeth Stong, with proof of service and such objections served on or before such date as set forth in an additional notice or Order of the Court. Objections must be served upon: (i) counsel to the Debtor, the Law Offices of Solomon Rosengarten, 1704 Avenue M, Brooklyn, New York 11230 and (ii) the Office of the United States Trustee, 201 Varick Street, Suite 1006, New York, New York 10004. Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014.

**C. Acceptance of the Plan**

37. Acceptance of the Plan requires that each impaired Class of Claims accepts the Plan, with certain exceptions discussed below. Thus, acceptance of the Plan is tested on a Class by Class basis. Classes of Claims that are not impaired under the Plan are deemed to have accepted the Plan. Under the Plan, all of the classes, except for the Secured Creditor, are unimpaired.

**D. Confirmation of Plan**

38. In order to confirm the Plan, the Bankruptcy Code requires that the Bankruptcy Court make a series of determinations concerning the Plan, including: (i) that the Plan has classified Claims in a permissible manner; (ii) that the contents of the Plan comply with the technical requirements of the Bankruptcy Code; (iii) that the Plan has been proposed in good faith; and (iv) that disclosures concerning the Plan have been made which are adequate and include information concerning all payments made or promised in connection with the Plan and the Chapter 11 case. The Debtor believes that all of these conditions have been or will be met.

**X**

**EFFECT OF CONFIRMATION; INJUNCTION; RELEASE**

**A. Effect of Confirmation**

39. On the Confirmation Date, the terms of this Plan bind all holders of all Claims against the Debtor, whether or not such holders accept this Plan.

**B. Injunction**

40. Effective on the consummation of the confirmed Plan, all Persons who have held, hold, or may hold Claims against the Debtor or its assets are enjoined from taking any of the following actions against or affecting the Debtor or the assets of the Debtor with respect to such Claims (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 or other proceeding of any kind against the Debtor or the assets of the Debtor or any direct or indirect successor in interest to the Debtor, or any assets of any such transferee or successor; (ii) enforcing, levying, attaching, collecting or otherwise recovering by any manner or means whether directly or indirectly any judgment, award, decree or order against the Debtor or its assets or any direct or indirect successor in interest to the Debtor, or any assets of such transferee or successor; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Debtor or the assets of the Debtor or its assets or any direct or indirect successor in interest to the Debtor, or any assets of any such transferee or successor other than as contemplated by the Plan; (iv) asserting any set-off, right of subrogation or recoupment of any kind directly or indirectly against any obligation due the Debtor or its assets or any direct or indirect transferee of any

assets of, or successor in interest to, the Debtor; and (v) proceeding in any manner in any place whatsoever that does not conform to or comply with the provisions of the Plan.

**C. MANAGEMENT OF DEBTOR'S PROPERTY**

41. Joseph Vitale will manage the property of the estate on the property for no compensation.

**XI**

**ALTERNATIVES TO THE PLAN AND OTHER CONSIDERATIONS**

**A. Alternatives to the Plan**

42. The Debtor believes that the Plan provides the creditors with the earliest and greatest possible value that can be realized on their Claims. The principal alternative to confirmation of the Plan is (i) conversion of the case to Chapter 7 of the Bankruptcy Code, or (ii) lifting the automatic stay imposed by Section 362(a) of the Bankruptcy Code.

**(i) Alternative Plans**

43. As of this date, no alternative Plan has been proposed.

**(ii) Conversion to Chapter 7**

44. The Debtor believes that a conversion to Chapter 7 would not be in the best interest of creditors. Liquidation of the Debtor's assets under Chapter 7 of the Bankruptcy Code would not generate a greater distribution to creditors than proposed under the Plan, The additional administrative costs incurred by a trustee and its attorneys could be substantial and will impact upon the ability of Creditors to receive payment on the Effective Date or shortly thereafter. Finally, any additional Administrative Costs will adversely affect the distribution to Claimants and will not inure to their benefit.

45. Lifting the automatic stay to permit an auction of the Property pursuant to a Judgment of Foreclosure and Sale entered in the New York Supreme Court would not generate a greater distribution to creditors than proposed under the Plan. Experience shows that persons who bid on auctions are investors who seek to purchase property at below market prices. The Debtor believes that the market value of the Property is \$2,000,00. It is not likely that a bidder at the auction will bid close to the market value.

46. The Debtor believes that confirmation of the Plan is preferable to the alternatives described above because the Plan maximizes the funds available for distribution to all Classes of Claims without the added administrative expenses of a Chapter 7 Trustee and its attorneys and other professionals. Moreover, as detailed above, a foreclosure auction is not likely to secure payment of the debt.

**THE DEBTOR BELIEVES THAT THE PLAN PROVIDES THE GREATEST AND EARLIEST POSSIBLE RECOVERY ON ACCOUNT OF CLAIMS AND THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF CREDITORS**

**B. Liquidation Analysis**

47. Pursuant to the Plan, the Debtor estimates that Allowed Secured Claims will receive payment in full.

**XII**

**RECOMMENDATION OF THE DEBTOR**

48. The Plan and this Disclosure Statement were drafted and submitted by the Debtor. As such, the Debtor strongly supports this Plan and believes that Confirmation of the Plan provides the creditors with the best possible recovery in the shortest possible time.

### **XIII**

#### **ADDITIONAL INFORMATION**

49. Requests for information and additional copies of this Disclosure Statement, the Plan, and any other materials or questions relating to the Plan and this Disclosure Statement should be directed to Debtor's counsel, Solomon Rosengarten, 1704 Avenue M, Brooklyn, New York 11230.

### **XIV**

#### **TAX CONSEQUENCES**

50. The Debtor is not aware of any tax consequences which may result from the confirmation of the Plan. Creditors should consult with their own tax adviser concerning any such tax related implications. Pursuant to IRS Circular 230 Notice: To ensure compliance with IRS Circular 230, holders of Claims are hereby notified that (a) any discussion of U.S. federal tax issues contained or referred to in this Disclosure Statement is not intended or written to be used, and cannot be used, by holders of Claims for the purpose of avoiding penalties that may be imposed on them under the Tax Code; (b) such discussion is written in connection with the promotion or marketing by the Debtor of the transactions or matters addressed herein; and (c) holders of Claims should seek advice based upon their particular circumstances from an independent tax adviser.

51. The following discussion summarizes certain federal income tax consequences of the Plan to the Debtor and the holders of Claims based upon the Internal Revenue Code, the Treasury Regulations promulgated thereunder, judicial authorities and current administrative rulings and practices now in effect, all of which are subject to change at any time by legislative, judicial or administrative action. Any such change could be retroactively applied in a manner

that could adversely affect the Debtor and holders of Claims. In addition, certain aspects of the following discussion are based on proposed Treasury Regulations. The tax consequences of certain aspects of the Plan may be subject to administrative or judicial interpretations that differ from the discussion below. The Plan Proponent has not requested, nor do they intend to request, a tax ruling from the IRS, nor will the Plan Proponent, with respect to the federal income tax consequences of the Plan, obtain any opinion of counsel. Consequently, there can be no assurance that the treatment set forth in the following discussion will be accepted by the IRS. Further, matters not discussed below may affect the federal income tax consequences to the Debtor, holders of Claims and holders of Interests. For example, the following discussion does not address state, local or foreign tax considerations that may be applicable to the Debtor or the holders of Claims, and the discussion does not address the tax consequences of the Plan to certain types of holders of Claims and holders of Interests (including non-U.S. persons, financial institutions, life insurance companies, tax-exempt organizations and taxpayers subject to the alternative minimum tax) who may be subject to special rules not addressed herein.

THE DISCUSSION SET FORTH BELOW IS INCLUDED FOR GENERAL INFORMATION ONLY. THE PLAN PROPONENT AND ITS COUNSEL ARE NOT MAKING ANY REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND CONSUMMATION OF THE PLAN, WITH RESPECT TO THE DEBTOR, HOLDERS OF CLAIMS OR HOLDERS OF INTERESTS, NOR ARE THEY RENDERING ANY FORM OF LEGAL OPINION OR TAX ADVICE ON SUCH TAX CONSEQUENCES. THE TAX LAWS APPLICABLE TO INDIVIDUALS AND CORPORATIONS IN BANKRUPTCY ARE EXTREMELY COMPLEX, AND THE FOLLOWING SUMMARY IS NOT EXHAUSTIVE. HOLDERS OF CLAIMS AND

HOLDERS OF INTERESTS ARE STRONGLY URGED TO CONSULT THEIR TAX ADVISORS REGARDING TAX CONSEQUENCES OF THE PLAN, INCLUDING FEDERAL, FOREIGN, STATE AND LOCAL TAX CONSEQUENCES.

a. Tax Consequences to the Debtor: Consummation of the Plan, may result in recognition of income, deductions, gain or loss to the Debtor and possible the incurrence of tax on the part of the Debtor or the Plan Proponent. Any such tax may constitute an Administrative Expense Claim of the Debtor.

B. General Tax Considerations for Holders of Claims: The receipt of solely Cash by a holder of an Allowed Class I Claim against the Debtor may be a fully taxable transaction. Accordingly, a holder of such a Claim may recognize gain or loss in an amount equal to the difference between (i) the amount realized by the holder in satisfaction of its Claim (other than in respect of any Claim for accrued but unpaid interest, and excluding any portion required to be treated as imputed interest due to the post-Effective Date distribution of such consideration following the resolution of any Disputed Claims in the same class), and (ii) the holder's adjusted tax basis in its Claim (other than any Claim for accrued but unpaid interest). The Plan Proponent has not researched the tax consequences of the Plan to holders of Claims and Interests nor has it requested a ruling from federal, state or local taxing authorities with respect to these matters. There may be federal, state, local or foreign tax considerations applicable to each Creditor or holder of an Interest. EACH CREDITOR AND HOLDER OF AN INTEREST IS URGED TO CONSULT ITS OWN TAX ADVISOR AS TO THE CONSEQUENCES OF THE PLAN AND APPLICABLE FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS. The Plan is not intended to result in the forfeiture or compromise of any of the Debtor's tax attributes, all of which are preserved to the extent allowed by applicable law.

XV

**CONCLUSION**

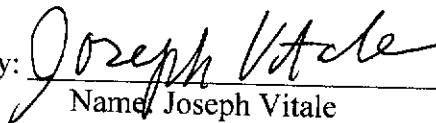
The Debtor believes the Plan is in the best interests of all creditors of this estate.

Dated: December 5, 2018

*Solomon Rosengarten*  
**SOLOMON ROSENGARTEN**  
*Attorney for 2745 West 16<sup>th</sup> Street, LLC*  
*Debtor and Debtor-in-Possession*  
1704 Avenue M  
Brooklyn, New York 11230  
(718) 627-4460

Dated: June 26, 2018

*2745 West 16<sup>th</sup> Street, LLC*  
Chapter 11 Debtor

By:   
Name: Joseph Vitale  
Sole Member

V

**IMPLEMENTATION OF THE PLAN**

I. On or after the Effective Date, the Debtor shall continue to exist with all the powers of a Limited Liability Company, under applicable law, may use and dispose of property and compromise or settle any claims in accordance with this Plan.

VI