

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

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In Re:

Chapter 11

Sun Property Consultants, Inc.,

Case No. 816-72267-845

Debtor.

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DISCLOSURE STATEMENT

Sun Property Consultants, Inc. (“Sun” or “The Debtor”), debtor and debtor-in-possession submits this Disclosure Statement (“Disclosure Statement”) to all creditors and parties in interest pursuant to Section 1125 of Title 11, United States Code (“Bankruptcy Code”), in order to disclose information important and necessary for a reasonably informed decision for each party in interest respecting their right to vote on, or otherwise participate in, Confirmation proceedings concerning the Debtor’s Plan of Reorganization dated June 29, 2017 (the “Plan”), filed with the United States Bankruptcy Court for the Eastern District of New York. (A copy of the Plan is attached to this Disclosure Statement as Exhibit “A,” and the terms and definitions contained in the Plan are incorporated herein by reference.)

The purpose of this Disclosure Statement is to set forth sufficient information regarding (i) the history of the Debtor in its business, (ii) the filing of the Chapter 11 case, (iii)

the Plan and the alternatives to the Plan, and (iv) the Claims of Claimants, to assist Claimants in making an informed decision with respect to the Plan.

Information contained in this Disclosure Statement summarizes the Plan and should be relied upon solely for voting purposes. Parties in interest are urged to read the Plan carefully, and are further urged to consult with counsel in order to understand the Plan fully. The Plan, if confirmed, is a legally binding document.

NO STATEMENTS, INFORMATION OR REPRESENTATIONS CONCERNING THE DEBTOR (PARTICULARLY AS TO ITS FUTURE BUSINESS OPERATIONS, PROFITS OR FINANCIAL CONDITIONS), ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE WHICH ARE OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION AND SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS THE COURT MAY DEEM APPROPRIATE. THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. THIS DISCLOSURE STATEMENT WAS COMPILED FROM INFORMATION OBTAINED FROM THE BOOKS AND RECORDS OF THE DEBTOR MAINTAINED IN

ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND GREAT EFFORT WAS MADE TO INSURE ITS ACCURACY.

PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE, THE BANKRUPTCY COURT HAS DETERMINED THAT THE INFORMATION CONTAINED HEREIN IS OF THE KIND, AND SUFFICIENTLY DETAILED, TO ENABLE A HYPOTHETICAL, REASONABLE TYPICAL INVESTOR TO MAKE AN INFORMED JUDGMENT WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. HOWEVER, THE BANKRUPTCY COURT'S DETERMINATION ON THE ADEQUACY OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS APPROVAL OR ENDORSEMENT AS TO THE FAIRNESS, MERITS OR CONFIRMATION OF THE PLAN BY THE BANKRUPTCY COURT.

Claimants in Class 2 are impaired. Only Claimants in Class 2 are entitled to vote on the Plan.

Except as described below, the Plan may be confirmed only if accepted by each impaired Class of Claimants entitled to vote thereon. The Bankruptcy Code defines "acceptance" as acceptance by holders of a majority in number and two-thirds (2/3rds) of the total dollar amount of the claims in each class actually voting in the class. Any voting Class of Claimants that fails to accept the Plan will be deemed to have rejected the Plan.

Annexed hereto and accompanying this Disclosure Statement are copies of the following:

- i. The Plan (Exhibit “A”);
- iii. A balance sheet of the Debtor as of April 30, 2017 (Exhibit “B”);
- iii. A liquidation analysis of the Debtor as of 4/30/2017, including comments respecting preferences and fraudulent conveyances (Exhibit “C”);
- iv. Projections of the Debtor’s income and expenses (Exhibit “D”); and
- v. Summary of the Debtor’s operations from 6/1/2016 through 4/30/2017 (Exhibit E).

The financial information contained in this Disclosure Statement and its annexed Schedules was prepared by the Debtor from the Debtor’s books and records. All efforts have been made to assure that the information contained in this Disclosure Statement is accurate.

Ballot Deadline

The Bankruptcy Court has set the date by which the ballots for the acceptance or rejection of the Plan are required to be submitted in writing by the holders of all classes of claims

that are impaired under the Plan: _____, 2017 at 5:00 p.m. (EST). Creditors may vote on the Plan by completing and mailing their ballot so that it is received by said deadline by Weinberg, Gross & Pergament LLP, 400 Garden City Plaza, Suite 403, Garden City, New York 11530, (516) 877-2424, Attention: Marc A. Pergament, Esq. Late received ballots will not be counted; nor will ballots that are not signed and completed as provided in the instructions on the ballot.

Deadline for Objection to Confirmation of the Plan

The Bankruptcy Court has set _____, 2017 as the last date to file and serve an objection to the confirmation of the Plan with a copy to be delivered to Court's Chambers.

Confirmation Hearing

The Bankruptcy Court will hold the hearing on confirmation of the Plan on September __, 2017 at 11:00 a.m. (EST) at the United States Bankruptcy Court for the Eastern District of New York, Alfonse M. D'Amato U.S. Courthouse, 290 Federal Plaza, Room 970, Central Islip, New York 11722.

1. Explanation of Chapter 11

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.

On May 23, 2016 ("Petition Date"), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. From the Petition Date through this date, the Debtor has operated its business and managed its affairs as a debtor-in-possession under Sections 1107 and 1108 of the Bankruptcy Code. These sections of the Bankruptcy Code permit existing management of a Chapter 11 debtor to continue to operate as a debtor within the structure of Chapter 11.

2. Formulation and Confirmation of a Plan of Reorganization

The formulation and confirmation of a plan of reorganization is the principal purpose of a Chapter 11 case. A Plan sets forth the means of satisfying or discharging the holders of claims against and interests in a Chapter 11 Debtor. Chapter 11 does not require that each holder of a Claim against the Debtor vote in favor of a Plan in order for a 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 as to which legal rights are altered, or an Interest that is adversely affected, is deemed impaired. The holder of an impaired Claim or Interest is entitled to vote to accept or reject a plan if the Claim or Interest has been Allowed under Section 502 of the Bankruptcy Code, or temporarily Allowed for voting purposes under Rule 3018 of the Federal Rules of Bankruptcy Procedure (“Bankruptcy Rules”). Acceptance by a Class must be by a majority in number and two-thirds of the dollar amounts of the total Allowed Claims actually voting in the Class.

Under the Debtor’s Plan, the general unsecured creditors (Class 2), are receiving their proportionate share of \$25,000.00, plus their proportionate share, if any, of the Net Proceeds from the Debtor’s lawsuit against TD Bank, N.A. and Harendra Singh based on their Allowed Claims. The general unsecured creditors have the right to reject the Plan, and, if the Debtor attempts a “cram down,” the Debtor’s shareholders would be required to provide sufficient new value to the Debtor in order to obtain new interests in the reorganized Debtor. The new value must be necessary for an effective reorganization, “substantial,” monies or monies worth (not future labor, good will, etc.), and reasonably equivalent to the value of the property to be retained; and the shareholders must not be receiving such new equity interests in any way on

account of the old equity interests. Upon consideration of these factors, the Court would decide whether to:

- (a) deny Confirmation of the Plan;
- (b) permit the Debtor to submit a new plan;
- (c) order the liquidation of the Debtor or the dismissal of the Debtor's Chapter

11 case; or

- (d) order the sale of the ownership Interests in the Debtor or the Debtor itself.

3. Overview

The following is a brief overview of (a) the Debtor's business and its history; (b) the events leading to the filing of the Chapter 11 case; and (c) the Debtor's relationship with its secured and unsecured creditors.

a) Debtor's Business and Its History.

In or about 1985, Dr. Rajesh Singh and his partners purchased the real property located at 150 Hicksville Road, Bethpage, New York (the "Real Property"). Over time, Dr. Singh purchased his partners' interests and by 1989, Dr. Singh was the Debtor's sole shareholder.

In or about 1999, the Debtor obtained financing from TD Bank in the sum of approximately \$3,500,000.00. The loan documents were not signed nor authorized by Dr. Rajesh Singh but were executed by his son, Harendra Singh.

In or about 2000, Dr. Singh moved to India to establish and manage a health clinic/hospital for the poor in rural India. Dr. Singh only periodically visited the United States to visit family.

From 2000, Dr. Singh would communicate regularly with his wife, Ms. Rajeswari Singh concerning the management of the Debtor and its Real Property.

In December 2015, Dr. Singh returned to the United States and discovered default notices from various lenders, including Standard Insurance Company and Atalaya Income Asset Fund II LLP ("Atalaya").

Dr. Singh had no knowledge of the loan between the Debtor and Standard Insurance Company nor any knowledge as to the loan guarantee given by the Debtor to Atalaya nor to the guarantees given to Capital One and Signature Bank.

Lawsuits were commenced by the creditors in the Supreme Court of the State of New York, County of Nassau. A motion for default brought by Atalaya was pending at the time of the bankruptcy filing.

To preserve the Debtor's assets and to have the issues of the creditors heard by one court, the Debtor filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code.

Following the filing of the Petition, the Debtor conducted Rule 2004 examinations of various parties and obtained documentation from numerous non-parties to try to gather an understanding of what had occurred concerning the Debtor and its assets since 2000.

The Debtor commenced an adversary proceeding against TD Bank, N.A. and Harendra Singh concerning the payment of \$4,300,000.00 made by the Debtor to TD Bank when the Debtor obtained a mortgage loan from Standard Insurance Company. All of the loan documents with respect to the TD Bank loan, the Standard Insurance Company loan and the Atalaya loan were not signed by Dr. Singh nor authorized by him.

The Debtor has filed and served a motion to disallow the claim of Atalaya and the Court determined that discovery was needed with respect to that claims dispute and the fact

discovery shall be concluded by July 31, 2017. The Debtor intends to move for summary judgment on its application as the Debtor believes that there are no material issues of fact with respect to the Atalaya claim.

Since the bankruptcy filing, the Debtor has been managing the Real Property and has been able to meet its obligations other than the payments due and owing to Standard Insurance Company. Standard Insurance Company has assigned its claim and its mortgage to McCormick 103, LLC.

The Debtor has completed renovations of the Real Property as it was unable to lease approximately forty-five (45%) of the space until approvals were issued by the Nassau County Fire Marshall and Town of Oyster Bay. The previous tenant of that space was a restaurant named Singleton's, which was owned and managed by Harendra Singh. Singleton's closed in December 2016 when Harendra Singh was arrested by the United States and indicted for fraud and other charges. The Debtor was prevented from leasing the space until the renovations were completed. The final inspection is scheduled for June 30, 2017.

The Debtor has recently concluded negotiations to lease the vacant space to an arms-length tenant, which would generate sufficient cash flow for the Debtor to meet its

obligations under the Plan. The Debtor is finalizing the terms of the lease and hopes to have it executed in the near future. Approval of the lease will be sought from the Bankruptcy Court.

4. Debtor-in-Possession Management.

Following the filing of its Bankruptcy Petition, the Debtor has continued in the operation and management of the Property.

5. Post Confirmation Operation of the Debtor.

The Debtor intends to manage its business through the efforts of Dr. Singh and with the help of his grandson, who has obtained a masters in business administration.

a) Post Petition Insider Transactions.

Since the filing of the Petition, there have been no loan or other transactions between the Debtor and any insider, except a line of credit was given by Dr. Singh's wife, Rajeswari Singh in the sum of \$150,000.00. The line of credit was approved by the Bankruptcy Court and the funds were used to pay for the renovations of the Real Property. The amount owed on the line of credit as of April 30, 2017 is \$114,705.41 and it will be satisfied in forty-eight (48) monthly payments commencing January 1, 2018.

6. Preference and Other Claims Under 11 U.S.C. Sections 544(b), 547, 548, 549 and 550 as Assets of the Estate.

After a review of the Debtor's books and records by the Debtor and its counsel, pursuant to Section 547 of the Bankruptcy Code, there were no preferential payments within ninety (90) days of the commencement of this case greater than Five Thousand Dollars (\$5,000.00) except for payments made contemporaneously for new value or in the ordinary course of business or as noted below.

Further, the Debtor and counsel did not uncover any claims against insiders or other entities under 11 U.S.C. Sections 544(b), 547, 548, 549 and 550, or applicable state law, except for the claims in the lawsuit pending against TD Bank and Harendra Singh.

7. Debtor's Agreement with New Tenant

The Debtor is finalizing the negotiation of a long term lease agreement with Mohammad Choudhury for approximately 25,000 square feet of space at a monthly rent of \$12,200.00, plus forty five (45%) percent of real estate taxes and common maintenance charges,

plus yearly rental increases of two (2%) percent. Approval of the lease will be subject to a hearing in the Bankruptcy Court.

8. Summary of the Plan.

The following is a summary of certain provisions of the Plan. It is not a complete restatement of the Plan, and it is qualified in its entirety by the provisions of the Plan. Because the Plan deals with legal concepts and incorporates the provisions and requirements of the Bankruptcy Code, you may wish to consult with your attorney in making a decision regarding your vote with respect to the Plan.

a) Classification of Claims and Interests.

A Claim is in a particular Class only to the extent that the Claim qualifies within the description of that Class and is in a different Class to the extent that the remainder of the claim qualifies within the description of the different class.

All allowed Chapter 11 Administrative Claims will be paid in cash, in full, in such amounts as are incurred in the ordinary course of business by the Debtor or in such amounts as such Administrative Claims (such as those of professionals) are Allowed by the Court:

- (1) On the Effective Date; or

(2) Upon such terms as may exist due to the ordinary course of business of the Debtor; or

(3) As may be agreed to by the claimants and the Debtor; or

(4) As may be ordered by the Court.

The Debtor's counsel, Weinberg, Gross & Pergament LLP will seek the sum of approximately Two Hundred Fifty Thousand and 00/100 (\$250,000.00) Dollars for representation of the Debtor. All claims of the Debtor's counsel and other professionals, sought under Section 330 of the Bankruptcy Code, require Court approval.

There are no other Administrative Claims other than the loan given by Rajeswari Singh and accrued but not due quarterly fees to the Office of the United States Trustee and expenses that are being paid in the normal course of the Debtor's business. These fees will continue to be incurred until the Bankruptcy Court's entry of a Final Decree.

i. Class 1. (McCormick 103, LLC). Class 1 consists of the Allowed Secured Claim of McCormick 103, LLC. The Plan proposes to satisfy the Class 1 Secured Claim of McCormick 103, LLC by payment of \$10,000.00 per month commencing October 1, 2017 for three (3) months; payment of \$17,000.00 per month for interest only commencing January 1,

2018, and commencing January 1, 2018, monthly payments of \$6,000.00 per month to satisfy the approximate arrears of \$340,000.00 that is due and owing to McCormick 103, LLC. In the event the Debtor receives a recovery from the pending tax certiorari proceedings, the net proceeds will be turned over to McCormick 103, LLC to reduce the arrears that are due and owing and will be credited to the last payments due.

ii. Class 2. (General Unsecured Claims). Class 2 consists of all Allowed General Unsecured Claims. The filed Class 2 Claims are in the aggregate of \$2,503,047.00. There are three (3) disputed Claims. Under the Plan, the holders of Allowed Class 2 Claims, will receive their proportionate share of \$25,000.00, plus their share of the Net Proceeds.

iii. Class 3. (Interests). Class 3 will consist of the holders of common stock Interests of the Debtor. Dr. Singh will contribute the sum of \$35,000.00 as capital for his retention of his one hundred (100%) percent stock interest in the Debtor.

With certain exceptions, one of the requirements for Confirmation is that a Plan not provide for any payments to a junior Class unless all senior Classes shall have accepted the Plan or have been paid or provided for in full under the Plan. Since general unsecured creditors

are superior to stockholders, stockholders may not retain their interests unless one of three situations occur:

1. The Plan provides for full payment to general unsecured creditors; or
2. The stockholders seeking to retain their equity Interests contribute “money or money’s worth” in the form of needed capital to the Reorganized Debtor at least equivalent in value to that of the equity Interest sought to be retained and there have been reasonable opportunities afforded to third parties to purchase the value of said Interest for higher and better amounts;

or
3. The Class of unsecured creditors waive their rights by accepting the Plan as proposed.

If the unsecured creditors vote as a class to accept a plan which provides for less than full payment to them, while permitting stockholders to retain their interests, their acceptance constitutes the waiver referred to in item 3 above. Acceptance by a class must be by a majority number and two-thirds of the dollars amounts of the total claims or interest actually voting in the class.

Claimants in Class 2 may elect to reject the Plan. This may result in: (a) a cramdown, if approved by the Court; (b) the filing of an amended plan by the proponent which may treat such creditors better, or worse; or (c) may call for a liquidation of the Debtor. Creditors may also be able to offer their own plan. New plans are subject to a new vote. Since that may result in a liquidation of the Debtor, creditors should carefully review this Disclosure Statement in order to determine how to vote in their best interest.

In the event that any impaired Class of Claims with Claims against the Debtor's estate shall not accept the Plan in accordance with Section 1129(a) of the Bankruptcy Code, the Debtor will request that the Court confirm the Plan in accordance with Section 1129(b) of the Bankruptcy Code which provides for "cram down."

9. Voting and Confirmation Procedures.

In order for a Plan to be confirmed, various statutory conditions must be satisfied, including (i) acceptance of a Plan by at least one impaired class entitled to vote on the Plan, (ii) provision for payment of distribution to each claimant of money and/or property of equal value to what the claimant would have received in a Chapter 7 liquidation, and (iii) a finding by a Court that it is feasible.

a) Procedure for filing proofs of claim.

The Plan provides that claims will be paid by the Debtor only if evidenced by a timely proof of claim that is allowed by the Court pursuant to Section 502 of the Bankruptcy Code or found to be undisputed or otherwise listed in the Debtor's schedules as undisputed, non-contingent and liquidated. The Court has issued an Order directing all claimants whose claims are either not scheduled as due by the Debtor or are scheduled as disputed, contingent or liquidated, to file a proof of claim on or before August 15, 2016 (the "Bar Date").

b) Who May Vote.

Under the Bankruptcy Code, pursuant to Sections 502(a) and 1126(a), a claimant is entitled to vote on the Plan only if either (i) its claim has been scheduled by a Debtor and is not scheduled as disputed, contingent or liquidated, or (ii) has filed the proof of claim on or before the last date set by Court. As earlier set forth, in this case, August 15, 2016 was the last date for filing proofs of claim.

A Claimant's vote may be disregarded if the Court determines that the Claimant's acceptance or rejection of a Plan was not solicited or procured in accordance with the provisions of the Bankruptcy Code.

Only holders of Claims and Interests that are impaired under a Plan are entitled to vote on acceptance or rejection of the Plan. Generally, Section 1124 of the Bankruptcy Code provides that a class of claims or interests is considered impaired unless a Plan does not alter the legal, equitable and contractual rights of the holder of each claim or interest in the Class.

In this case, Claimants in Class 2 are entitled to vote and their votes will be solicited.

c) Voting Procedures.

The Debtor is seeking the acceptance of holders of Claims in Class 2. A ballot will be sent with this Disclosure Statement. Each holder of an Allowed Claim in Class 2 may vote on the Plan by then completing, dating and signing the ballot and filing the ballot as set forth below.

i) Solicitation Period.

In order to be counted, a ballot must be received no later than the date set by the Court.

Allowed claim holders' ballots must be received on or prior to September __, 2017. Said ballots shall be sent to the following address: Weinberg, Gross &

Pergament LLP, 400 Garden City Plaza, Garden City, New York 11530, Attention: Marc A. Pergament, Esq.

ii) A ballot will be enclosed for each holder of claims eligible to vote on the Plan which will serve as a ballot for indicating acceptance or rejection of the Plan pursuant to the requirements of Sections 502 and 1126 of the Bankruptcy Code and Bankruptcy Rule 3018(c). If you did not receive a ballot with this Disclosure Statement, you are not eligible to vote on the Plan. If you have any questions concerning voting procedures, contact Marc A. Pergament, Esq. at (516) 877-2424 or counsel to the Committee.

iii) Contested Claims.

The Debtor will not object to any claims, except the claims of Airweld, Atalaya and Signature Bank.

d) Confirmation of the Plan.

Under the Bankruptcy Code, the following steps must be taken to confirm the Plan:

i) Confirmation hearing.

Section 1128 of the Bankruptcy Code requires the Court after notice, to hold a

hearing on the confirmation of a Plan. The Court scheduled September __, 2017 as the date for the confirmation hearing for this case. The hearing on Confirmation of the Plan will be conducted at the United States Bankruptcy Court for the Eastern District of New York, Alfonse M. D'Amato U.S. Courthouse, 290 Federal Plaza, Room 970, Central Islip, New York 11722. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to the confirmation of the Plan, regardless of whether it is entitled to vote.

ii) Objections to Confirmation.

A party in interest may serve written objections to the Confirmation of the Plan and file said written objection with the Clerk of the Bankruptcy Court, 290 Federal Plaza, Central Islip, New York 11722 and serve a copy both upon counsel for the Debtor and the Office of the United States Trustee located at 560 Federal Plaza, Central Islip, New York 11722. Deadline for objecting to Confirmation shall be _____, 2017.

Objections to confirmation of the Plan are made pursuant to Bankruptcy Rule 3020(b) and are governed by Bankruptcy Rule 9014 and as set forth in the Order approving this Disclosure Statement. UNLESS AN OBJECTION TO CONFIRMATION SHALL BE FILED

AND SERVED IN A TIMELY MANNER, IT MAY NOT BE CONSIDERED BY THE COURT.

iii) Requirements for the Confirmation of the Plan.

At the confirmation hearing, the Court will determine whether the requirements of Section 1129 of the Bankruptcy Code have been satisfied, in which event the Court will enter an order confirming the Plan. The requirements include:

(1) Best Interest Test. With respect to each impaired class of claims, each holder of an allowed claim in the class has either accepted the Plan or receives under a Plan, property of a value, as of the effective date, that is not less than the amount the holder would receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code.

To determine if a Plan is in the best interest of each class, the probable results of a Chapter 7 liquidation must be compared with a result proposed under the Plan. Annexed as Exhibit "C" to this Disclosure Statement is a liquidation analysis of the Debtor as of April 30, 2017 which the Debtor believes establishes that claimants are receiving, under the Plan, property of value, as of the effective date, greater than the amount the holders would receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code.

(2) Feasibility of the Plan. In order for a Plan to be confirmed, a Court must determine that a further reorganization or subsequent liquidation of Debtor is not likely to result following confirmation of a Plan.

(3) Acceptance or Rejection by Impaired Classes. Section 1129(a) of the Bankruptcy Code generally requires that each impaired class must accept the Plan by the requisite votes for confirmation to occur. A class of impaired claims will have accepted a Plan if, of the holders in the class actually voting, at least two-thirds in dollar amount and more than one-half in number of allowed claims, cast an affirmative vote. The vote of any person can be disqualified pursuant to Section 1126(e) of the Bankruptcy Code.

(4) Conclusion. The Debtor believes the Plan satisfies all statutory requirements of Chapter 11 of the Bankruptcy Code, including the “feasibility” requirement.

10. Implementation of the Plan and Provisions Concerning Distributions

The Plan is to be implemented in a manner consistent with Section 1123 of the Bankruptcy Code.

11. Tax Consequences.

The Debtor has not researched the Federal Income Tax consequences of the Plan for holders of claims and interest based upon the Internal Revenue Code of 1954, as amended, the Treasury Regulations promulgated thereunder, traditional authority, and current administrative rules and practice. The Debtor has not requested a ruling from the Internal Revenue Service with respect to these matters. Accordingly, no assurance can be given to the interpretation by the Internal Revenue Service. Further, the Federal Income Tax consequences to any particular claimant or interest holder may be affected by matters not discussed herein. There also may be state, local or foreign tax considerations applicable to each claimant or holder of an interest. EACH CLAIMANT AND HOLDER OF AN INTEREST IS URGED TO CONSULT HIS OWN TAX ADVISOR AS TO THE CONSEQUENCES OF THE PLAN UNDER FEDERAL AND APPLICABLE STATE, LOCAL AND FOREIGN TAX LAWS.

12. Alternatives to the Plan.

The Debtor believes that the Plan affords holders of claims and interests the potential for the greatest realization of value for their claims and interests that is feasible under

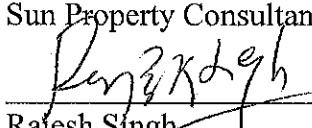
the circumstances. A liquidation under Chapter 7 of the Bankruptcy Code would not maximize the return to claimants as being afforded by the Plan.

THE DEBTOR BELIEVES THAT CONFIRMATION AND IMPLEMENTATION OF THIS PLAN IS PREFERABLE TO ANY OF THE ALTERNATIVES EXPLORED BECAUSE IT WILL PROVIDE A GREATER RECOVERY TO ALL HOLDERS OF CLAIMS AND INTERESTS THAN THOSE AVAILABLE IF THE PLAN IS NOT CONFIRMED. IN ADDITION, OTHER ALTERNATIVES WOULD INVOLVE SIGNIFICANT DELAY, UNCERTAINTY AND SUBSTANTIAL ADDITIONAL COSTS OF ADMINISTRATION WITH NO CERTAINTY OF A BETTER RESULT. ACCORDINGLY, THE DEBTOR WILL URGE YOU TO VOTE IN FAVOR OF THE PLAN.

Dated: Rockville Centre, New York
June 29, 2017

Sun Property Consultants, Inc.

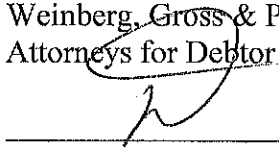
By:


Rajesh Singh

Dated: Garden City, New York
June 29, 2017

Weinberg, Gross & Pergament LLP
Attorneys for Debtor

By:


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