UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF NEW YORK

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In re:

RR LIQUIDATION, INC.
f/k/a Reliable Racing Supply, Inc.

Debtor.

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**Case No. 16-10619**
**Chapter 11**

# RR LIQUIDATION, INC.'S DISCLOSURE STATEMENT DATED JANUARY 30, 2017

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# I. INTRODUCTION

This is the disclosure statement (the "Disclosure Statement") in the chapter 11 case of RR Liquidation, Inc. f/k/a Reliable Racing Supply, Inc. (the "Debtor"). This Disclosure Statement contains information about the Debtor and describes Plan of Liquidation of RR Liquidation, Inc. (the "Plan") filed by the Debtor on January 30, 2017. A full copy of the Plan is attached to this Disclosure Statement as **Exhibit A**. ***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

The proposed distributions under the Plan are discussed in this Disclosure Statement. General unsecured creditors are classified in Class 2.

## A. Purpose of This Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,
- How the Plan proposes to treat claims or equity interests of the type you hold (*i.e.*, what you will receive on your claim or equity interest if the plan is confirmed),
- 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,
- Why the Debtor believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in a chapter 7 liquidation, and
- The effect of confirmation of the Plan.

Be sure to 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.

### 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 **[date tbd], 2017 at [time tbd] a.m.**, in the Bankruptcy Courtroom at the James T. Foley Courthouse, 445 Broadway, Albany, New York 12207.

### 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 in the enclosed envelope to, Lemery Greisler LLC, 50 Beaver Street, 2nd Floor,

Albany, New York 12207 (care of Patricia Hartl). See section IV.A. below for a discussion of voting eligibility requirements.

Your ballot must be received by **[date tbd], 2017** or it will not be counted.

3. *Deadline For Objecting to the Adequacy of Disclosure and Confirmation of the Plan*

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon Debtor's counsel Meghan Breen, Esq. and Paul A. Levine, Esq. Lemery Greisler LLC, 50 Beaver Street, 2nd Floor, Albany, New York 12207 and the Office of the United States Trustee, 74 Chapel Street, Albany, New York 12207 by **[date tbd], 2017**.

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

If you want additional information about the Plan, you should contact Meghan Breen, Esq. or Paul A. Levine, Esq. Lemery Greisler LLC, 50 Beaver Street, 2nd Floor, Albany, New York 12207; Tel: 518-433-8800; e-mail plevine@lemerygreisler.com.

### C. Disclaimer

***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.***

## II. BACKGROUND

### A. Description and History of the Debtor's Business

The Debtor is a New York corporation. The Debtor's business had several operational segments. The Debtor sold ski, bike and snowboard equipment through its store Inside Edge Ski, Board & Bike located at 643 Upper Glen Street, Queensbury, New York. The Debtor also sold ski racing products to its consumers through its Wintersports online catalog. Another section of the business was devoted to developing and assembling products and equipment, particularly related to ski and golf. These products were then sold to (i) ski areas, golf courses, parks, institutions and event organizers in the United States, (ii) wholesalers and distributers in the United States, and (iii) distributers outside of the United States. The Debtor also sold specialty outdoor lighting products under distribution rights to ski areas and golf courses in North America. Finally, the Debtor sold electronic sports timing equipment under distribution rights from European manufactures to ski race organizations and other end-users.

B. **Pre-Petition Financing**

As a result of events described below, on April 7, 2016 (the "Petition Date"), the Debtor filed a voluntary petition for relief under chapter 11 the Bankruptcy Code with the Court. As of the Petition Date, the Debtor was indebted to the following prepetition secured lenders: (i) TD Bank, N.A. ("TD Bank") and (ii) The Warren County Local Development Corporation ("WCLDC").

On December 2, 2014, the Debtor executed and delivered to TD Bank a Term Note in the amount of One Million and 00/100 Dollars ($1,000,000.00) ("TD Loan 1"). TD Loan 1 is further evidenced by a Loan and Security Agreement, dated as of December 2, 2014, which, among other things grants TD Bank a blanket security interest in all of the Debtor's Collateral, consisting of all of the Debtor's personal property as further defined therein. As of the Petition Date, the Debtor owed approximately $873,421.61 to TD Bank on account of TD Loan 1.

On December 2, 2014, the Debtor executed and delivered to TD Bank a Term Note in the amount of Three Hundred Ninety-Nine Thousand Nine Hundred Ninety-Nine Dollars and Ninety-Nine Cents ($399,999.99) ("TD Loan 2" and together with TD Loan 1, the "TD Loans"). TD Loan 2 is further evidenced by a Loan and Security Agreement, dated as of December 2, 2014, which, among other things grants TD Bank a blanket security interest in all of the Debtor's personal property as further defined therein (the "TD Collateral"). As of the Petition Date, the Debtor owed approximately $368,694.55 to TD Bank on account of TD Loan 2.

On December 21, 2015, the Debtor executed and delivered to WCLDC a Line of Credit Agreement in the amount of One Hundred Thousand and 00/100 Dollars ($100,000.00). Pursuant to a Security Agreement dated as of December 21, 2015, the WCLDC loan is secured by a security interest in certain goods as set forth in the Security Agreement including all increases, parts, accessories, attachments, special tools, additions and accessions, and proceeds of such goods ("WCLDC Collateral"). As of the Petition Date, the Debtor owed approximately $100,000.00 to WCLDC. The New York State Department of State website does not reflect the filing of a UCC-1 Financing Statement by WCLDC, therefore, arguably WCLDC's interests are unperfected.

On or about December 21, 2015, TD Bank and WCLDC entered into a Subordination Agreement pursuant to which TD Bank agreed to subordinate its security interest to WCLDC's security interest in the WCLDC Collateral.

The Debtor also owed money on a loan from its former shareholders which is now held by the Marilyn Jacobs Family Trust. This is an unsecured debt which as of the Petition Date remained outstanding in the amount of $373,747.00.

C. **Events Leading to Chapter 11 Filing**

Several factors led the Debtor to file its chapter 11 petition. First, the Debtor's "brick and mortar" store experienced increased competition from other internet based retailers who make it easier for consumers to purchase certain of the equipment sold by the Debtor in an online forum.

The winter months are typically the Debtor's most profitable because that is when customers are purchasing their gear for winter sports. The winter of 2015/2016 was incredibly mild and the New York and New England region did not experience much, if any, snowfall. Sales during that time were significantly lower than sales in prior years. To use a weather forecasting term, it was a winter that wasn't. Due to the aforementioned events, the Debtor defaulted on its loan payments to TD Bank.

TD Bank also began exercising its rights and remedies and made several sweeps from the Debtor's account that was located at TD Bank: (i) $49,000.00 in November 2015, (ii) $15,439.21 on April 1, 2016, and (iii) $25,248.85 on April 4, 2016. This last sweep was the immediate precipitating cause of the bankruptcy. As of the Petition Date, the Debtor was unable to pay its debts as they become due and required the protection of the automatic stay in order to pursue the possibility of a sale of the business to a third party.

## D. Significant Events During the Bankruptcy Case

### 1. Cash Collateral

On the Petition Date, the Debtor filed a motion requesting an emergency order (a) authorizing limited use of assets subject to the liens of TD Bank, including, but not limited to, cash collateral (the "Cash Collateral") pursuant to § 363 of the Bankruptcy Code, (b) authorizing the Debtor to grant adequate protection to TD Bank pursuant to §§ 361 and 363 of the Bankruptcy Code, and (c) scheduling further proceedings regarding the Debtor's continued use of Cash Collateral (the "Cash Collateral Motion"). Following a hearing, and over TD Bank's opposition, the Court entered an emergency order on April 27, 2016 granting the Cash Collateral Motion. Pursuant to the emergency order, TD Bank was granted adequate protection including rollover liens, monthly payments in the amount of $1,666.66, and a lien on Debtor's bank accounts.

Thereafter, the Court held hearings and entered further consensual interim orders on the Cash Collateral Motion as follows: (i) hearing on April 29, 2016 and a second interim order entered on May 4, 2016; (ii) hearing on May 24, 2016 and a third interim order entered on June 2, 2016; (iii) hearing on June 13, 2016 and a fourth interim order regarding use of Cash Collateral entered on June 24, 2016; (iv) hearings on July 13, 2016 and July 15, 2016 and a fifth interim order entered on July 22, 2016; (v) hearing on August 11, 2016 and a sixth interim order entered on August 16, 2016; (vi) hearing on August 29, 2016 and a seventh interim order entered on September 2, 2016; (vii) hearing on September 19, 2016 having been adjourned by consent of the parties and an eighth interim order entered on September 22, 2016; (vii) hearing on September 30, 2016 and a ninth interim order entered on October 3, 2016.

### 2. Asset Sale

The Debtor's principal, John Jacobs, engaged in extensive marketing efforts of the Debtor's assets. Mr. Jacobs contacted fourteen potentially interested parties regarding a purchase of substantially all of the assets or a purchase of one or more of the business segments.

Eleven parties executed confidentiality agreements and conducted diligence on the company to determine if they would like to purchase any or all of the Debtor's assets. On or about July 8, 2016, VEMO Sports submit a letter of intent pursuant to which a NewCo entity would purchase substantially all of the Debtor's assets for $350,000.00.

On July 11, 2016, TD Bank filed a motion seeking relief from the automatic stay and an objection to the Debtor's further use of cash collateral. Following negotiations with VEMO Sports and TD Bank, NewCo – RR Holdings, LLC, a Vermont limited liability company doing business in New York as RRSK Holdings, LLC ("Purchaser") –increased its purchase price to $375,000.00. TD Bank approved of this offer thus allowing the Debtor to proceed with a motion to approve the sale.

On July 25, 2016, the Debtor filed a motion seeking entry of Orders pursuant to sections 105, 363 and 365 of the Bankruptcy Code and Rule 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"): (A) (i) authorizing the sale of substantially all of the Debtor's assets, free and clear of all liens, claims, interests, encumbrances, and successor liability subject to the terms of an Asset Purchase Agreement with Purchaser (the "Purchase Agreement"), and subject to higher and better offers; (ii) authorizing and approving the Purchase Agreement including bid protections such as a break-up fee; and (iii) authorizing the Debtor to consummate all transactions related to the proposed sale; (B) approving the Bidding Procedures and granting other relief; and (C) authorizing the Debtor to assume certain executory contracts and unexpired leases and to assign such contracts and leases to the Successful Bidder pursuant to sections 365(a), (b) and (c) of the Bankruptcy Code and Bankruptcy Rule 6006(e)(1) (the "Sale Motion").

After an August 1, 2016 hearing to approve the bidding procedures and Purchase Agreement, on August 3, 2016 the Court entered an Order Pursuant to Sections 105 And 363 of the Bankruptcy Code (A) Authorizing and Approving Asset Purchase Agreement Including Approving the Stalking Horse and Break-Up Fee; (B) Approving Bidding Procedures; (C) Setting Hearing Date to Approve Sale of Assets to Successful Bidder; and (D) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases. Among other things, the $375,000.00 bid of Purchaser was approved as the stalking horse bid.

Following a reasonable period for other parties to submit a bid, no other parties bid on the assets, making an auction unnecessary. The Court held a hearing on the Sale Motion on August 11, 2016 at which time the Court approved the asset sale to the Purchaser. On August 26, 2016, the Court entered, on consent, an Order (the "Sale Order") Pursuant to Sections 105, 363 and 365 of the Bankruptcy Code: (A) Approving the Sale of Substantially All of the Debtor's Assets Free and Clear of All Liens, Claims, Interests and Encumbrances (the "Asset Sale"); (B) Approving Assumption and Assignment of Executory Contracts and Unexpired Leases; (C) Authorizing Debtor to Consummate All Transactions Related Thereto; and (D) Granting Related Relief. The $375,000.00 proceeds of the sale, were ordered to be distributed as follows: (i) $295,000.00 to TD Bank, (ii) $5,000.00 to WCLDC, and (iii) $75,000.00 shall remain in the estate (the "Carve Out") to pay administrative claims, make a distribution to unsecured creditors, and address the objection of Cavallero Plastics, Inc. ("Cavallero") (discussed below).

Three parties submitted limited objections to the Sale Motion, which were resolved as follows:

(i) Cavallero is a plastic molder which asserted a first priority possessory lien pursuant to Massachusetts Gen. Law chapter 255, section 31G(b) over certain of the Debtor's molds which it holds in its possession. Cavallero objected to Asset Sale to the extent it purported to transfer the molds free and clear of its liens. The Debtor, TD Bank and Cavallero reached an agreement pursuant to which Cavallero was to be paid $5,000.00 from the sale proceeds, thus reducing the Carve Out to $70,000.00.

(ii) Ultra-Tech Lighting, LLC ("Ultra-Tech") filed a limited objection to the Asset Sale which objected to the assumption and assignment of its agreements with the Debtor. Ultra-Tech's objection was resolved pursuant to the terms of a Stipulation by and among the Debtor, Ultra-Tech, and Purchaser. The parties to the stipulation acknowledge that the Debtor acted as a distributor of Ultra-Tech's goods pursuant to the terms of Distributor Agreement. The agreement is an executory contract which may be assumed and assigned to Purchaser. Purchaser agreed to make payment of the arrears owed to Ultra-Tech in the amount of $20,658.93 from the first $20,658.93 of commissions earned by Purchaser.

(iii) T&M Jacobs Properties, LLC ("T&M") objected to the Debtor assuming and assigning to the buyer its oral month-to-month lease. The T&M oral lease with the Debtor was not assumed and assigned to Purchaser.

Section 3 of the Purchase Agreement provided that the closing of the Asset Sale would "occur three business days after the expiration of all applicable appeal periods for the Sale Order or sooner by agreement of the parties if the stay of the Sale Order is modified by the Bankruptcy Court pursuant to Fed. R. Bankr. P. 6004(h); provided, however, that all Closing Conditions [defined in the Purchase Agreement]. . . have been completed to Buyer's satisfaction, in its sole discretion" (the "Closing"). Due to certain unexpected delays in obtaining financing the Purchaser was unable to close the Asset Sale within this time period. Therefore, the Debtor, Purchaser, and TD Bank entered into a Stipulation, approved by the United States Trustee, which extended the Closing to October 30, 2016. Additionally, under the Stipulation, the Purchaser made a $25,000.00 payment to the Debtor, which would be paid over to TD Bank as a credit against the Asset Sale proceeds to be paid to TD Bank.

The Stipulation, which was approved by an order of the Court dated October 5, 2016, also provided that the Purchaser would take possession of Debtor's inventory, other personal property and business premises and use such assets to conduct Purchaser's business subject to the rights of the Debtor to enforce the Purchase Agreement and the continuing lien rights of TD Bank. Purchaser's operation of the company became effective on October 5, 2016 upon the Court's approval.

Based on other unforeseen delays, the Closing date was extended three additional times by order of the Court. The Asset Sale Closing occurred on November 30, 2016.

3. Name Change

As required by the Purchase Agreement, the Debtor filed a Certificate of Amendment with the New York Secretary of State and changed its corporate name from Reliable Racing Supply, Inc. to RR Liquidation, Inc. (still referred to hereunder as "Debtor"). Debtor sent a notice of name change to all creditors and parties in interest. The Bankruptcy Court entered an order Amending the Case Caption on December 15, 2016.

4. Retained Professionals

In this chapter 11 case, Lemery Greisler LLC ("LG") was retained at Debtor's counsel pursuant to an order of the Court dated May 2, 2016. Debtor also filed an application to retain LCS&Z, LLP ("LCS&Z") as accountant to prepare tax returns, documents and to give financial advice, which was approved by order of the Court dated June 14, 2016.

E. **Insiders of the Debtor**

Prior to the Asset Sale, John Jacobs was the President and sole shareholder of the Debtor.

In the year prior to the Petition Date, John Jacobs was receiving an annual salary of $108,749.64. The company also contributed $7,737.64 from April 1, 2015 to April 1, 2016 toward Mr. Jacob's health insurance. A 1099 issued to Mr. Jacobs for the year 2015 also indicated other benefits totaling approximately $5,823.00.

From the Petition Date to October 5, 2016, when the Purchaser took over operations, Mr. Jacobs was compensated by the Debtor at a rate of $60.00 - $61.25 per hour for a total of $40,180.00. During this period, Mr. Jacobs also received $2,641.31 from the Debtor in other benefits such as health insurance contributions, cell phone reimbursement, and store purchases.

Jake Jacobs, John Jacob's son, was employed by the Debtor both prior to and after the Petition Date. Jake Jacobs worked in the retail store at an hourly rate of $9.00 an hour. In the year prior to the Petition Date, Jake received compensation of $10,779.08. From the Petition Date to October 5, 2016, Jake received total compensation of $8,408.25 plus $468.78 for cell phone reimbursement.

John Jacobs mother, Marilyn Jacobs, is the Managing Member of T&M, the landlord of the business location. In the year prior to the Petition Date, T&M received $22,500.00 in rental payments from the Debtor. These payments were not the full amount of the rental that T&M was entitled to receive in accordance with the parties' lease terms. From the Petition Date until October 5, 2016, T&M did not receive any rental payments.

The Marilyn Jacobs Family Trust also holds an unsecured claim in the amount of $373,747.00, as of the Petition Date, resulting from a loan to the Debtor by its former shareholders. The Trust will receive a distribution on its claim along with the other Class 2 creditors.

### F. Management of the Debtor Before and During the Bankruptcy

During the two years prior to the date on which the bankruptcy petition was filed, John Jacobs was the President and sole shareholder of the Debtor. Mr. Jacobs oversaw the operations of the Debtor.

John Jacobs continued to manage the Debtor and its operations both in and out of bankruptcy from the Petition Date to October 5, 2016. The Purchaser is now the owner and manager of the operating company and Mr. Jacobs is overseeing the liquidation of the Debtor while he is also employed by the Purchaser.

### G. Absence of Avoidable Transfers

The Debtor has analyzed its business activities in the year prior to the bankruptcy with a focus on identifying avoidable preferences, fraudulent conveyances, and other avoidance actions and does not believe that any such actions exist.

## III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

### A. What is the Purpose of the Plan of Reorganization?

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

### B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent has *not* placed the following claims in any class:

#### 1. *Administrative Expenses*

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under §§ 507(a)(2) and 503 of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the Effective Date (defined in Article VIII of the Plan), unless a particular claimant agrees to a different treatment. Any other party requesting payment of an administrative expense claim under § 503 of the Code shall file an administrative expense claim or application for allowance of final compensation **not later than thirty days after the**

**date the Court enters an order approving the Disclosure Statement** as set forth in more detail in the enclosed notice.

The following chart lists the Debtor's estimated administrative expenses, and their proposed treatment under the Plan:

| Type | Estimated Amount Owed | Proposed Treatment |
|---|---|---|
| Professional Fees, to be approved by the Court. | LCS&Z = $5,000.00<br>LG = approx. $40,000.00[1] | Paid in full on the Effective Date of the Plan from the Carve-Out, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the Effective Date of the Plan |
| Other administrative expenses | $0.00 | Debtor does not anticipate other administrative expense claims. |
| Office of the U.S. Trustee Fees | $0.00 | Paid in full on the Effective Date of the Plan. |
| TOTAL | | |

2. *Priority Tax Claims*

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief.

Each holder of a priority tax claim pursuant to 11 U.S.C. § 507(a)(8) shall receive from the Debtor on the Effective Date of the Plan, payment in full of its claim from the Carve-Out. **Estimated claim: Internal Revenue Service in the amount of $5,233.77.**

C. **Classes of Claims and Equity Interests**

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

1. *Classes of Secured Claims*

There is no class of secured claims that will receive a distribution under the liquidating plan. All of the Debtor's assets were sold as part of the Asset Sale and proceeds of the sale were paid to creditors to the extent of their security interests. TD elected to not file a proof of claim

[1] LG will be filing a final fee application with the Court shortly. LG's fees incurred in this chapter 11 case exceed $70,000.00 and outstanding expenses are approximately $2,300.00. LG will apply a $11,955.50 retainer to the total fee request. LG will then take a voluntary fee reduction in the approximate amount of $18,000.00. LG is seeking a distribution from the estate Carve-Out in the approximate amount of $40,000.00. The final distribution will be determined once the deadline for filing administrative claims has passed.

for its unsecured deficiency claim. Per a Stipulation and Order, WCLDC's claim has been amended to allow an unsecured deficiency claim in the amount of $95,083.33.

2. *Classes of Priority Unsecured Claims*

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

Class 1 of the Plan contains priority claims (other than the unclassified priority tax claims). There are no priority claims to be included in this class.

3. *Class of General Unsecured Claims*

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code.

The following chart identifies the Plan's proposed treatment of Class 2, which contains general unsecured claims against the Debtor:

| Class # | Description | Impairment | Treatment |
|---|---|---|---|
| 2 | General Unsecured Class<br>**Estimated Claims: $1,214,676.89**<br>**Estimated Distribution: 1.5%** | Impaired | Each holder of an allowed unsecured non-priority claim shall receive from the Debtor in full satisfaction, settlement, and release of such claim a *pro rata* cash distribution from the remaining Carve-Out after payment of administrative expense claims and priority tax claims. Debtor retains full discretion not to pay claimants whose claims result in a distribution under $5.00. |

4. *Class of Equity Interest Holders*

Equity interest holders are parties who hold an ownership interest (*i.e.*, equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. The following chart sets forth the Plan's proposed treatment of the class of equity interest holders:

| Class # | Description | Impairment | Treatment |
|---|---|---|---|
| 3 | Equity interest holders | Impaired | Equity Security Holders of the Debtor will not receive a distribution under the Plan. |

D. **Means of Implementing the Plan**

1. *Source of Payments*

Payments under the Plan will be funded by the $70,000.00 Carve-Out paid to the estate by the Purchaser in connection with the Asset Sale. The Carve-Out is currently held in an IOLA account with Debtor's counsel, LG. After payment of administrative and priority claims on the Effective Date, LG will pay the remaining portion of the Carve-Out to the Debtor for distribution to unsecured creditors. The Debtor will strive to make distributions to unsecured creditors as soon after the Effective Date as possible.

2. *Post-confirmation Management*

After confirmation, the liquidating Debtor will continue to be managed by John Jacobs for the sole purpose of making distributions to unsecured creditors and otherwise overseeing the windup and dissolution of the Debtor.

E. **Risk Factors**

This is a liquidating Plan and the Carve-Out is already held by LG. LG has also committed to reducing its fee application to permit a distribution to unsecured creditors. The only risk factor for unsecured creditors would be if unknown parties file substantial administrative claims against the Debtor that would need to be paid from the Carve-Out ahead of unsecured creditors.

F. **Executory Contracts and Unexpired Leases**

The Debtor previously assumed and assigned its executory contracts and unexpired leases to Purchaser as part of the sale transaction pursuant to an Order of this Court dated August 26, 2016.

To the extent any executory contracts and/or unexpired leases were not assumed and assigned as part of the sale, such contacts or leases are deemed to be rejected upon the Effective Date of this Plan. If you believe you have such a contract or lease, and wish to object to its rejection, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan. ***The Deadline for Filing a Proof of Claim Based on a Claim Arising from the Rejection of a Lease or Contract is No Later Than 30 Days from the Order Confirming the Plan.*** Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court orders otherwise.

### G. Tax Consequences of Plan

***While the Debtor does not believe there to be any significant tax consequences of the Plan, Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, And/Or Advisors.***

## IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

### A. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that classes 2 and 3 are impaired and that holders of claims in those classes are entitled to vote to accept or reject the Plan.

#### 1. *What Is an Allowed Claim or an Allowed Equity Interest?*

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest.

Here, all general unsecured claims, aside from the few exceptions discussed below, shall be allowed in the amount of the claim (i) as it appears for each creditor on the Debtor's Amended Schedule F filed on May 27, 2016, unless the claim was for a contract previously assumed and assigned to Purchaser, (ii) as set forth in a proof of claim filed in the Court's claims register, if such amount is higher, or (iii) as contained in a stipulation between the creditor and Debtor, which was approved by the Court.

The following are exceptions to the statement above that all filed or scheduled general unsecured claims will be allowed in the scheduled or filed amounts:

a. GreatAmerica Financial Services Corporation filed a proof of claim in the amount of $3,006.44, assigned claim number 39 in the Court's claims register. The claim was for the full rent amount under an equipment lease despite the fact that the Debtor continued payments post-petition and only one month of pre-petition rent was due. GreatAmerica's claim will be allowed in the amount of $210.24 representing pre-petition amounts owed. The remainder of the claim will be disallowed.

b. The Debtor scheduled the claim of Cavallero Plastics Inc. in the amount of $100,698.26. Cavallero, the Debtor, and the Purchaser subsequently reached an agreement pursuant to which Cavallero received $5,000.00 from the sale proceeds in settlement of its claim. Cavallero is not entitled to a distribution as an unsecured creditor under the Plan.

c. New York State Department of Labor ("NYSDOL") filed a place-holder proof of claim, assigned claim number 12 in the Court's claims register, that reserved its rights to file a claim but did not state a specific claim amount. The claims bar date subsequently passed and NYSDOL failed to file a claim with a claim amount. NYSDOL is not entitled to a distribution.

d. The Debtor scheduled the claim of TD Bank, N.A. as an unliquidated and disputed secured claim in the amount of $1,242,116.16. TD Bank received approximately $488,000.00 from sale proceeds, adequate protection payments, and Debtor's accounts receivables. Pursuant to a Stipulation so-ordered by the Court on October 4, 2016, the bar date for TD Bank to file a proof of claim was extended to November 30, 2016. TD Bank's deadline to file a claim has passed and TD Bank did not file a claim. TD Bank is not entitled to a distribution from the Plan as an unsecured creditor pursuant to Federal Rules of Bankruptcy Procedure ("Bankruptcy Rules") Rule 3003(c).

e. Debtor's accountant LCS&Z held a prepetition claim in the amount of $19,197.50. Prior to being retained as the Debtor's accountant post-petition, and as set forth in the Affidavit of William A. Zeronda in support of LCS&Z's retention, LCS&Z agreed to waive its prepetition claim.

***The deadline for filing a proof of claim in this case was October 4, 2016.***

2. *What Is an Impaired Claim or Impaired Equity Interest?*

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

3. *Who is **Not** Entitled to Vote*

The holders of the following five types of claims and equity interests are *not* entitled to vote:

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not "allowed claims" or

"allowed equity interests" (as discussed above), unless they have been "allowed" for voting purposes.

- holders of claims or equity interests in unimpaired classes;
- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code;
- holders of claims or equity interests in classes that do not receive or retain any value under the Plan; and
- administrative expenses.

***Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement.***

### B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cram down" on non-accepting classes, as discussed later in Section B.2.

#### 1. *Votes Necessary for a Class to Accept the Plan*

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

#### 2. *Treatment of Nonaccepting Classes*

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a "cram down" plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not "discriminate unfairly," and is "fair and equitable" toward each impaired class that has not voted to accept the Plan.

***You should consult your own attorney if a "cramdown" confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.***

### C. Liquidation Analysis

It is the Debtor's belief that the proposed Plan provides unsecured creditors with the best – and only – opportunity to receive a distribution. The Debtor, Purchaser, TD Bank, and WCLDC negotiated a compromise, which was contained in the Sale Order, which allowed the $70,000.00 Carve-Out to be paid to the estate. Without this compromise, all of the Debtor's assets that were sold to Purchaser would have been subject to the liens of TD Bank, and to a small extent, WCLDC.

In a chapter 7 case all proceeds from a liquidation would have been paid to TD Bank, with a possible small payment to WCLDC. Unsecured creditors would receive nothing. Under this Plan, unsecured creditors will likely see a 1.5% distribution on their claims.

Further, the sale of Debtor's assets was approved with the support of the Debtor's secured creditors and was not opposed by any unsecured creditors. It allowed the jobs held by persons formerly employed by the Debtor and now employed by the Purchaser to be saved. The sale also preserved a customer for many of the Debtor's unsecured creditors who were vendors and suppliers to the Debtor. Absent the bankruptcy and the sale, TD would have liquidated the Debtor's assets and none of these positive results would have been achieved.

## V. EFFECT OF CONFIRMATION OF PLAN

### A. No Discharge

Based on the fact that this plan is a liquidating Plan, the Debtor does not receive a discharge. *See* 11 U.S.C. § 1141(d)(3)(A).

### B. Modification of Plan

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or revoting on the Plan.

The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated *and* (2) the Court authorizes the proposed modifications after notice and a hearing.

### C. Final Decree

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Debtor, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

## VI. OTHER PLAN PROVISIONS

None.

**Signature Page for Disclosure Statement:**

Dated: January 30, 2016

By: _____
John Jacobs, President
RR Liquidation, Inc.
The Plan Proponent

By: _____
Paul A. Levine, Esq.
Meghan M. Breen, Esq.
Lemery Greisler LLC
Attorneys for the Plan Proponent
50 Beaver Street, 2nd Floor
Albany, NY 12207

**Exhibit A**

Copy of Proposed Plan of Reorganization

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF NEW YORK

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In re:

**Case No. 16-10619**
**Chapter 11**

RR LIQUIDATION, INC.
f/k/a Reliable Racing Supply, Inc.

Debtor.

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# PLAN OF LIQUIDATION OF RR LIQUIDATION, INC.

## ARTICLE I
## SUMMARY

This is a Plan of Liquidation (the "Plan") under chapter 11 of the Bankruptcy Code (the "Code"). The Plan proposes to make a distribution to creditors of RR Liquidation, Inc. f/k/a Reliable Racing Supply, Inc. (the "Debtor") from an estate carve-out in the amount of $70,000.00 (the "Carve-Out") resulting from the sale of substantially all of the Debtor's assets to RR Holdings, LLC, a Vermont limited liability company doing business in New York as RRSK Holdings, LLC ("Purchaser"). The sale of the Debtor's assets closed on November 30, 2016 at which time the Carve-Out was deposited into an IOLA account with Debtor's counsel, Lemery Greisler LLC ("LG").

This Plan provides for one class of unsecured claims and one class of equity security holders, both of which are impaired. Unsecured creditors holding allowed claims will receive a modest distribution from the Carve-Out. This Plan also provides for the payment of administrative and priority claims from the Carve-Out in accordance with provisions of the Code.

All creditors and equity security holders should refer to Articles III through VI of this Plan for information regarding the precise treatment of their claim. A disclosure statement that provides more detailed information regarding this Plan and the rights of creditors and equity security holders has been circulated with this Plan. **Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)**

## ARTICLE II
## CLASSIFICATION OF CLAIMS AND INTERESTS

2.01 Class 1. All allowed claims entitled to priority under § 507 of the Code (except administrative expense claims under § 507(a)(2), and priority tax claims under § 507(a)(8)).

2.02 Class 2. All unsecured claims allowed under § 502 of the Code.

2.03 Class 3. Equity interests of the Debtor.

## ARTICLE III
## TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS, U.S. TRUSTEES FEES, AND PRIORITY TAX CLAIMS

3.01 Unclassified Claims. Under section §1123(a)(1), administrative expense claims, and priority tax claims are not in classes.

3.02 Administrative Expense Claims. Each holder of an administrative expense claim allowed under § 503 of the Code will be paid in full on the Effective Date (as defined in Article VIII) of this Plan, in cash, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor. The Debtor's administrative expenses include the professional fee claims of Debtor's attorneys at LG and accountants at LCS&Z, LLP ("LCS&Z"). Fees and expenses shall be awarded and paid pursuant to 11 U.S.C. § 1129(a)(9) after proper application to the Court for allowance pursuant to 11 U.S.C. § 330 to the extent that such application is required. Any other party requesting payment of an administrative expense claim under § 503 of the Code shall file an administrative expense claim or application for allowance of final compensation **not later than thirty days after the date the Court enters an order approving the Disclosure Statement** as set forth in the Notice mailed with the Disclosure Statement. **Estimated claims: (i) Attorneys' fees are estimated to be approximately $40,000.00 (after application of a retainer and a voluntary fee reduction); (ii) Accountants' fees are estimated to be $5,000.00, and (iii) other possible claims are estimated to be $0.00.**

3.03 Priority Tax Claims. These Claims are unimpaired and are not classified for purposes of voting on the Plan. Each holder of a priority tax claim pursuant to 11 U.S.C. § 507(a)(8) shall receive from the Debtor payment in full of its claim from the Carve-Out. **Estimated claims: Internal Revenue Service in the amount of $5,233.77.**

3.04 United States Trustee Fees. All fees required to be paid by 28 U.S.C. §1930(a)(6) (U.S. Trustee Fees) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee Fees owed on or before the Effective Date of this Plan will be paid on the Effective Date.

## ARTICLE IV
## TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

4.01 Claims and interests shall be treated as follows under this Plan:

| Class | Impairment | Treatment |
|---|---|---|
| Class 1 - Priority Claims | | There are no claims to be treated as priority (other than the priority tax claim described above). |

| | | |
|---|---|---|
| Class 2 - General Unsecured Creditors<br>**Estimated Claims: $1,241,676.89 Estimated Distribution: 1.5%** | Impaired | Each holder of an allowed unsecured non-priority claim shall receive from the Debtor in full satisfaction, settlement, and release of such claim a *pro rata* cash distribution from the remaining Carve-Out after payment of administrative expense claims and priority tax claims. Debtor retains full discretion not to pay claimants whose claims result in a distribution under $5.00. |
| Class 3 - Equity Security Holders of the Debtor | Impaired | Former Equity Security Holders of the Debtor prior to the sale shall not receive a distribution under the Plan. |

## ARTICLE V
## ALLOWANCE AND DISALLOWANCE OF CLAIMS

5.01 Claim Allowance. All general unsecured claims, aside from the few exceptions discussed here, shall be allowed in the amount of the claim (i) as it appears for each creditor on the Debtor's Amended Schedule F filed on May 27, 2016, unless the claim was for a contract previously assumed and assigned to Purchaser, (ii) as set forth in a proof of claim filed in the Court's claims register, if such amount is higher, or (iii) as contained in a stipulation between the creditor and Debtor, which was approved by the Court.

5.02 Exceptions to Claim Allowance. The following are exceptions to the statement above that all general unsecured claims will be allowed in the scheduled or filed amounts:

a. GreatAmerica Financial Services Corporation filed a proof of claim in the amount of $3,006.44, assigned claim number 39 in the Court's claims register. The claim was for the full rent amount under an equipment lease despite the fact that the Debtor continued payments post-petition and only one month of pre-petition rent was due. GreatAmerica's claim will be allowed in the amount of $210.24 representing pre-petition amounts owed. The remainder of the claim will be disallowed.

b. The Debtor scheduled the claim of Cavallero Plastics Inc. in the amount of $100,698.26. Cavallero, the Debtor, and the Purchaser subsequently reached an agreement pursuant to which Cavallero received $5,000.00 from the sale proceeds in settlement of its claim. Cavallero is not entitled to a distribution as an unsecured creditor under the Plan.

c. New York State Department of Labor ("NYSDOL") filed a place-holder proof of claim, assigned claim number 12 in the Court's claims register, that reserved its rights to file a claim but did not state a specific claim amount. The claims bar date subsequently passed and NYSDOL failed to file a claim with a claim amount. NYSDOL is not entitled to a distribution.

d. The Debtor scheduled the claim of TD Bank, N.A. as an unliquidated and disputed secured claim in the amount of $1,242,116.16. TD Bank received approximately $488,000.00 from sale proceeds, adequate protection payments, and Debtor's accounts receivables. Pursuant to a Stipulation so-ordered by the Court on October 4, 2016, the bar date for TD Bank to file a proof of claim was extended to November 30, 2016. TD Bank's deadline to file a claim has passed and TD Bank did not file a claim. TD Bank is not entitled to a distribution from the Plan as an unsecured creditor pursuant to Federal Rules of Bankruptcy Procedure ("Bankruptcy Rules") Rule 3003(c).

e. Debtor's accountant LCS&Z held a prepetition claim in the amount of $19,197.50. Prior to being retained as the Debtor's accountant post-petition, and as set forth in the Affidavit of William A. Zeronda in support of LCS&Z's retention, LCS&Z agreed to waive its prepetition claim.

5.03 Disputed Claims. Other than the claim disputes which are resolved as set forth in Section 5.02 above, there are no disputed claims.

## ARTICLE VI
## PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.01 Assumed Executory Contracts and Unexpired Leases.

(a) The Debtor previously assumed and assigned its executory contracts and unexpired leases to Purchaser as part of the sale transaction pursuant to an Order of this Court dated August 26, 2016.

(b) To the extent any executory contracts and/or unexpired leases were not assumed and assigned as part of the sale, such contacts or leases are deemed to be rejected upon the Effective Date of this Plan. A proof of a claim arising from the rejection of an executory contract or unexpired lease under this section must be filed no later than thirty (30) days after the date of the order confirming this Plan.

## ARTICLE VII
## IMPLEMENTATION OF THE PLAN

7.01 Source of Payments. Payments under the Plan will be funded by the $70,000.00 Carve-Out paid to the estate by the Purchaser in connection with the asset sale. The Carve-Out is currently held in an IOLA account with Debtor's counsel, LG. After payment of administrative and priority claims, LG will pay the remaining portion of the Carve-Out to the Debtor for distribution to unsecured creditors.

7.02 Post-Confirmation Management. As discussed in the Disclosure Statement, operations of the Debtor's business were transitioned to the purchaser on or about October 5, 2016. The Debtor's President, John Jacobs, will continue to aide in the transition of the business, the implementation of this Plan and any winding down of the Debtor that is required.

7.03 Implementing the Plan. As soon as possible following the Effective Date of the Plan, the Debtor shall take all steps necessary to implement the Plan pursuant to 11 U.S.C. § 1142,

specifically by distributing the Carve-Out to the administrative and Class 2 unsecured creditors. The Debtor will attempt to finalize all amounts owed so that only one distribution is made to each creditor. If, however, any amounts need to be withheld, the Debtor shall make one or more distribution to each creditor.

7.04 Unclaimed Funds. Checks issued for payment on Allowed Claims shall bear the legend "VOID IF NOT CASHED WITHIN 120 DAYS FROM DATE OR ISSUANCE" and shall be mailed to each creditor's address noted in the Schedules or the address provided by the creditor if they filed a proof of claim. In the event any check sent by the Debtor remains uncashed for a period in excess of 120 days after issuance, or is returned as undelivered, such funds shall be turned over to the Clerk of the Bankruptcy Court.

7.05 Closing the Chapter 11 Case. Pursuant to Local Rule 3022-1 the Debtor shall file its report of substantial consummation stating that the Debtor has satisfied the criteria of 11 U.S.C. § 1101(2) and shall petition the Court for a final decree pursuant to Bankruptcy Rule 3022 and to close the case pursuant to 11 U.S.C. § 350.

## ARTICLE VIII
## GENERAL PROVISIONS

8.01 Definitions and Rules of Construction. The definitions and rules of construction set forth in §§ 101 and 102 of the Code shall apply when terms defined or construed in the Code are used in this Plan.

8.02 Effective Date of Plan. The Effective Date of this Plan is the first business day following the date that is fourteen days after the entry of the order of confirmation. If, however, a stay of the confirmation order is in effect on that date, the Effective Date will be the first business day after the date on which the stay of the confirmation order expires or is otherwise terminated.

8.03 Severability. If any provision in this Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of this Plan.

8.04 Binding Effect. The rights and obligations of any entity named or referred to in this Plan will be binding upon, and will inure to the benefit of the successors or assigns of such entity.

8.05 Captions. The headings contained in this Plan are for convenience of reference only and do not affect the meaning or interpretation of this Plan

8.06 Governing Law. Except to the extent that the Bankruptcy Code or Bankruptcy Rules apply, and subject to the provisions of any contract, instrument, release, or other agreement or document entered into in connection herewith, the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflict of laws thereof.

8.07 Causes of Action Held by Debtor. The Debtor does not believe it has any causes of action pursuant to 11 U.S.C. §§ 542, 543, 544, 545, 547, 548, 549, and 550 and does not intend to bring any such actions.

8.08 Notices. All notices required or permitted to be made in accordance with the Plan shall be in writing and shall be delivered personally or by telegraphic means or mailed by registered or certified mail:

a) If to Debtor, RR Liquidation Inc., 543 Upper Glen Street, Queensbury, N.Y. 12804 with copies to its attorney, Paul A. Levine, Esq., Lemery Greisler LLC, 50 Beaver St., 2nd Floor, Albany, N.Y. 12207;

b) If to a holder of an Allowed Claim or Allowed Interest, at the address set forth in its allowed Proof of Claim or proof of interest, of, if none, at its address set forth in schedule prepared and filed with the Court pursuant to Bankruptcy Rule 1007(b);

c) Notice shall be deemed given when received. Any person may change the address at which it is to receive notices under the Plan by sending written notice pursuant to the provisions of this Section to the person to be charged with the knowledge of such change.

8.09 Section 1146 Exemption. Pursuant to § 1146(a) of the Bankruptcy Code, any transfers of property pursuant hereto shall not be subject to any stamp tax or other similar tax or governmental assessment in the United States, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such tax or governmental assessment.

## ARTICLE IX
## DISCHARGE

9.01 Discharge. There is no discharge for the Debtor because the Debtor is proposing a liquidating Plan under Code section 1141(d)(3)(A).

## ARTICLE X
## AMENDMENT OF CONFIRMED PLAN

10.01 Except as otherwise specifically set forth in the Plan, any term of the Plan may be amended and the observance of any term of the Plan may be waived (either generally or in a particular instance, and either retroactively or prospectively) upon compliance with the provisions of the following:

(a) The Debtor, upon notice and hearing to all holders of Claims and Interests still unpaid, may amend any term of condition of the Plan. However, if a proposed amendment does not diminish or delay the amount to be paid to creditors, then notice of any such proposed change needs to be given only to the United States Trustee's Office, parties who have filed notices of appearance with the Court, and any creditor adversely affected by the proposed amendment.

(b) Holders of Claims or Interests, with the concurrence of the Debtor, may amend or waive any terms or conditions of the Plan relating to or for the benefit of its respective claims or interest.

## ARTICLE XI
## RETENTION OF JURISDICTION

11.01 The Court shall retain jurisdiction of this Chapter 11 case until there has been substantial consummation of the Plan. Assuming that the other conditions of the 11 U.S.C. §1101(2) are satisfied, the Court may find a Plan to be substantially consummated at the time the first payment is made pursuant to the Plan.

## ARTICLE XII
## EFFECTS OF CONFIRMATION

12.01 The confirmation of the Plan will vest all of the property of the estate in the Debtor.

12.02 The contents of a confirmed Plan are binding on any creditor, equity security holder or general partner of the Debtor.

12.03 The Bankruptcy Court will retain jurisdiction until there is substantial consummation of the Plan.

Dated: January 30, 2017

Respectfully submitted,

By: _____
John Jacobs, President
RR Liquidation, Inc.
The Plan Proponent

By: _____
Paul A. Levine, Esq.
Meghan M. Breen, Esq.
Lemery Greisler LLC
Attorneys for the Plan Proponent
50 Beaver Street, 2nd Floor
Albany, NY 12207