

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: :
STAGE PRESENCE INCORPORATED, : Chapter 11
: :
Debtor. : Case No. 12-10525 (ALG)
: :

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**SECOND AMENDED DISCLOSURE STATEMENT TO
ACCOMPANY SECOND AMENDED PLAN OF REORGANIZATION**

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THIS IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS 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 TO THE BANKRUPTCY COURT FOR APPROVAL, BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT.

SHAFFERMAN & FELDMAN LLP
Attorneys for the Debtor
137 Fifth Avenue, 9th Floor
New York, New York 10010
(212) 509-1802
Of Counsel: Joel M. Shafferman, Esq.

UNITED STATES BANKRUPTCY COURT
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INTRODUCTION

Stage Presence Incorporated, as debtor and debtor in possession (the "Debtor" or "Stage Presence"), provides this Second Amended Disclosure Statement to Accompany its Second Amended Plan of Reorganization (the "Disclosure Statement"), pursuant to 11 U.S.C. Section 1125(b), to all of the Debtor's known creditors in order to disclose that information deemed by the Debtor to be material, important, and necessary for the Debtor's creditors to arrive at a reasonably informed decision in exercising their right to vote on the Debtor's Second Amended Plan of Reorganization (hereinafter referred to as "the Plan") presently on file with the Bankruptcy Court. A copy of the Plan accompanies this Disclosure Statement.

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The Disclosure Statement is the only authorized statement as to the Plan. Approval of the Disclosure Statement is not a determination by the Court of the merits of the Plan. Approval of the Disclosure Statement is solely a determination by the Court that it contains adequate information for creditors to make a reasoned judgment about the Plan.

Definitions as set forth in the Plan, a copy of which is enclosed herewith, are included by reference in this Disclosure Statement.

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August, 2016 at .m. has been set by the Court for a hearing on the
acceptance or rejection of the Plan.

Creditors may vote on the Plan by filling out and mailing the accompanying ballot to the counsel for the Debtor, Shafferman & Feldman LLP, 137 Fifth Avenue, 9th Floor, New York, New York 10010. As a Creditor, your vote is important. In order for the Plan to be confirmed and pursuant to 11 U.S.C. Section 1126(c), Creditors who hold at least 2/3 in amount and more than one half in number of the Claims must vote in favor of the Plan.

Since Class 1 is unimpaired, no ballots will be circulated.

NO REPRESENTATION CONCERNING THE DEBTOR IS AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE WHICH ARE OTHER THAN AS CONTAINED IN THIS 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, SHAFFERMAN & FELDMAN LLP, 137 FIFTH AVENUE, 9TH FLOOR, NEW YORK, NEW YORK 10010, WHO IN TURN, SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

**BACKGROUND ABOUT THE
DEBTOR AND THIS CHAPTER 11 CASE**

Prepetition Events

In or about July 2009, Childhelp[®] decided to produce a benefit concert starring David Foster entitled A Evening of Grace: A Concert for the Children (the "Benefit Concert"). Upon information and belief, Childhelp is a 501(c)(3) charity founded in 1959 by Sara O'Meara and Yvonne Fedderson that is organized and existing under the laws of the State of Arizona with an address at 4350 E. Camelback Road, Building F250, Phoenix, Arizona. Childhelp maintains a web site having the following url: www.childhelp.org.

The Benefit Concert was originally scheduled for the late fall of 2009 in Los Angeles, California, to celebrate the 50th anniversary of the organization. Gregory Marquette ("Marquette") was enlisted to be a producer and writer on the event, and Parallax Marketing was engaged to bring sponsors to the event. However, due to a shortage of (i) sponsor-worthy celebrities, and (ii) funds to pay for the event either by Childhelp and/or its usual funders, the event was rescheduled to April 2010, and relocated to Washington, DC, in the hope of adding political celebrities to the event.

In January 2010, the founders of Childhelp, O'Meara and Fedderson ("Fedderson"), reached out to Marquette to produce the newly scheduled Benefit Concert. Marquette lacked concert event experience and reached out to Matthew Weiner ("Weiner"), who in turn reached out to Newman later that month, and sought to combine their collective services and experience. On or about February 18, 2010, Childhelp, and a project-related company called, One From Each Island Ltd ("OFEI"), agreed that OFEI would (i) produce the Benefit Concert in April, 2010; and (ii) manage the production for a charitable event in Barbados for the

benefit of the child victims of the then-recent Haitian catastrophe. Childhelp and OFEI entered into a production services agreement (the "Childhelp Agreement").

In the latter days of February, 2010 and the first two weeks of March, 2010, OFEI used information and projections from Childhelp staff members relating to the costs and expenses for the live event in Washington DC, and added the projected costs of making that live event into a First Class television program, to create a working budget for the event. The budget for the Washington, DC show was set and agreed to by all parties as \$2.3M. The event in Barbados was budgeted at \$2.6M. If sufficient funds were raised, Newman, Weiner and Marquette were each to receive an industry standard rate as producers. Marquette was to earn an additional amount as the show's writer, and Newman was to earn an additional fee as the show's stage and television director. The Debtor was to earn a production fee equivalent to 5% of the total budget.

In a series of pre-production phone calls in March, 2010, O'Meara and Fedderson represented to Newman, Marquette and Weiner that with the change in venue to Washington D.C., many members of Congress would now be in attendance (as patrons) and that they had secured First Lady Michelle Obama as a featured star. O'Meara and Fedderson further represented that they had former Presidents George W. Bush and Jimmy Carter available, should the First Lady become unavailable. With that, Newman, Marquette and Weiner, in conjunction with Parallax Marketing, would begin the process of creating materials to attract sponsors to the show. Promotional decks/presentations were created targeting several brands and pitch presentations were made by Parallax Marketing. With the First Lady as the magnet, initial interest by several sponsors was garnered. On or about March 16, 2010, the First Lady became

unavailable and former Presidents Bush and Carter declined to attend.

On or about March 17, 2010, with the loss of the magnet political figures and any correlated sponsors, Marquette, O'Meara and Fedderson, introduced Newman and the Debtor, to defendant, Stephen Menner, during a telephone conversation. O'Meara and Fedderson, who have a close, personal relationship with Menner, had contacted Menner for the purpose of funding the event in lieu of sponsor commitments. O'Meara and Marquette told Newman that Menner had donated monies to Childhelp in the past, and that he was committed to their cause and would be their "angel" for this event, if needed.

During a follow up conference call had on or about March 18, 2010, among Newman, Weiner, Marquette, O'Meara and Fedderson (the "March 18, 2010 Conference Call"); Weiner and Newman suggested postponing the Benefit Concert which was scheduled to be held in Washington, DC, and joining it with the event in Barbados later in the year, due to a lack of sponsorship money caused by the lack of political heavyweights. This postponement would allow more time to raise sponsorship monies. In response, during the March 18, 2010 Conference Call, O'Meara and Fedderson insisted that the event not be postponed again, but be held in April, 2010, even though there was a lack of funding. O'Meara and Fedderson told Newman and Marquette that Childhelp had lost millions of dollars in the previous few years and they were counting on the broadcast of the telethon/TV show to offset the shortfall.

During the March 18, 2010 Conference Call, O'Meara and Fedderson stressed the significance of their cause, and that the beneficiaries of the show would be the children seeking a refuge from abuse. Also, during the March 18, 2010 Conference Call, O'Meara and Fedderson stated that they had postponed the event once before, apparently causing them some

embarrassment, and were insistent that it not be postponed again; particularly now that members of Congress were planning to attend, and a ceremony was being hosted by Senator Dianne Feinstein on Capitol Hill to celebrate Childhelp's 50th Anniversary following the event.

On March 18, 2010, during the initial conference call among Marquette, Newman, Weiner, O'Meara and Menner, the details of the show were discussed. During that initial conversation, Newman and Marquette told Menner about the loss of the political stars and the correlated loss of the sponsors. The list of the remaining/attending stars was reviewed (including David Foster, Patti LaBelle, Ruben Studdard, Brian McKnight and Jane Seymour, among others). During this conference call, Menner expressed to Newman the desire to be involved in these events, as he was purportedly interested in getting into the entertainment business.

During this conference call, Menner initiated a discussion of the topic of the benefits this show, if produced, would have for GIC, GIT, and his newest venture, Royal Pictures. A primary point of discussion was the show's budget of \$2.3M and the immediate need for cash flow to keep the production moving forward towards the April show date. During this conference call, Newman and Marquette explained to O'Meara and Menner the importance of having cash on hand prior to the load-in, rehearsal and show days in order to engage crew and equipment. Other more general terms of an agreement were discussed, including listing Royal Pictures as an Executive Producer of the TV show, and which VIPs would be invited and given tickets. During this conference call, Menner described how GIT was formed to help fund Childhelp and agreed to add Royal Pictures to the project.

Towards the conclusion of this conference call, Newman asked Menner "man, are you going to fund this show and make this happen?" Menner replied "yes. Absolutely." Menner agreed to pay for the event, in full, through the assistance of GIT and its trustee and counsel, Bartholomew. To further induce the Debtor to enter into the transaction with GIT, Menner and Bartholomew provided Weiner, Marquette and Newman with certain documents to purportedly show that GIC had sufficient funds available to fund the agreement and the event.

On or about March 20, 2010, at the behest of Menner, Bartholomew began the process of drafting an agreement with Marquette for a non-recourse loan from GIT to the Debtor. The parties contemplated that GIT would wire funds to the Debtor's Chase Bank account. Plaintiffs relied upon the verbal representations of Menner and Bartholomew, as well as their preparation of a formal written funding agreement, and felt confident that the show would have the necessary funding. Based upon this, the Debtor and Newman believed that they should do everything necessary to produce this charitable event, which was going to benefit Childhelp and abused children. Relying upon all of the Defendants' representations, Plaintiffs made a commitment to produce the show and incur the necessary expenses necessary for the production of the event.

On or about April 4, 2010, the Debtor and GIT entered into a formal agreement for GIT to provide production funding (the "Loan Agreement"). The Loan Agreement was prepared by Marquette, and executed by Newman, on behalf of the Debtor, and Bartholomew on behalf of GIT. In the Loan Agreement, reflecting all of the preliminary terms discussed between Newman, Marquette and Menner on March 24, 2010 GIT undertook to provide a production loan

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of "not less than five million dollars" for the purpose of producing two television specials. The Loan Agreement required the Debtor and other producers to repay the loan within six months.

Following production and recording of the Benefit Concert, the invoices for the show's related costs and expenses begin to arrive addressed to the Debtor. The Debtor's production staff collected the workers' time cards, and prepared the payroll for submission to Power Payroll/Media Services, the Debtor's payroll service company. Power Payroll/Media Services prepared the payroll and readied it for distribution to the individuals. However, until the promise funding had been consummated these payments could not be made. Despite Newman's advancement of funds to Menner and Bartholomew, in the collective amount of \$80,000, for purported bridge loan costs, and Menner and Bartholomew's ongoing promise to close the loans, the Debtor never received any funding from GIT, GIC, and/or Menner and Bartholomew. As a result, the Debtor was unable to pay substantial amounts for labor, equipment, and supplies.

On or around August 18, 2010, less than six months after the production of the show, as a further result of the events described herein, certain vendors involved in the "Evening of Hope" event commenced an action entitled Tina Magnuson, Allen Kelman, Erica Zolberg, RZ Video Consultants, Inc., Jeffrey Pearl, Lyn Noland, Michael Grimes, Matthew Randazzo, Robert A. Del Russo, David A. Smith, Michael Appel, Diana M. Barton, Sylvia Davis, Garth Michael and Bryan Leskowicz against- Allen Newman, Matthew Weiner, Gregory Marquette, Stage Presence Incorporated, and One From Each Island, Ltd. (Case No. 10 Civ. 6211) that prior to its settlement was pending in the United States District Court for the Southern District of New York (the "District Court Action") seeking, in part, to recover the amounts that were due and owing to them on account of unpaid services they rendered and goods they supplied in connection with the

Benefit Concert. This action was thereafter settled by Newman and other individual defendants paying \$164,740.57.

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Postpetition Events

In order to preserve its assets for creditors and save its long standing business, on February 9, 2012 (the "Petition Date"), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. In addition to its petition for relief, the Debtor has filed its schedules of assets and liabilities, and list of creditors and executory contracts required pursuant to section 521 of the Bankruptcy Code and Rule 1007 of the Bankruptcy Rules.

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On March 27, 2012, the Office of the United States Trustee appointed a Committee of Unsecured Creditors in this case (the "Committee"). The members of the Committee are KZ Video Consultants, Inc. and Alan Adelman. March 4, 2016, the Office of the United States Trustee filed an Amended Appointment of a Committee of Unsecured Creditors in this case, the members of which are KEnigma, Inc. and Alan Adelman (the "Amended Committee"). Neither the original Committee nor the Amended Committee has retained counsel.

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The GIT Adversary Proceeding

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One of the potential means of implementation of the Plan is the recovery by the Debtor in its adversary proceeding entitled Stage Presence Incorporated v. Geneve International Trust, Ronald L. Bartholomew, Trustee, and Stephen Menner (Adversary Proceeding Number 12-01561) which the Debtor commenced on July 16, 2012 (the "GIT Adversary Proceeding"), seeking damages for breach of contract and fraud.

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On June 11, 2012, the defendants filed a motion to dismiss the complaint pursuant

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to Rule 12(b) of the Federal Rules of Civil Procedure [Adv. Pro. Docket No. 4]. The Debtor, opposed the motion [Adv. Pro. Docket No. 7].

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On August 8, 2012, Judge Gropper issued an order dismissing the complaint, without prejudice, and allowing the Debtor to re-plead [Adv. Pro. Docket No. 11]. On September 20, 2012, the Debtor filed an amended complaint in the Adversary Proceeding (the "Amended Complaint") [Adv. Pro. Docket No.12].

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On November 13, 2012, defendants filed a motion to dismiss the Amended Complaint pursuant to Rule 12(b) of the Federal Rules of Civil Procedure [Adv. Pro. Docket No. 16]. On December 14, 2012, the motion to dismiss the Amended Complaint was heard by Judge Gropper. On January 17, 2013, Judge Gropper issued a memorandum of opinion and order dismissing the Amended Complaint as to Mr. Menner, and denying the motion, as to GIT and Bartholomew (the "January 17, 2013 Order") [Adv. Pro. Docket No. 21]. Significantly, the January 17, 2013 Order did not grant the Debtor leave to file another complaint, and did not state that the motion was granted without prejudice.

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No party filed a notice of appeal of the January 17, 2013 Order, and no judgment was entered with respect the claims against Menner under Rule 54(b) of the Federal Rules of Civil Procedure, as made applicable to adversary proceedings by Rule 7054.

Five months later, the Debtor, GIT and Bartholomew, by their respective attorneys, discussed the procedural matters, substantive claims, defenses, and issues in the GIT Adversary Proceeding. These discussions gave rise to the execution of stipulation providing for: (i) entry of an Order vacating the Clerk's Entries of Defaults against GIT and Bartholomew; (ii)

withdrawal of the Debtor's Motion for Default Judgments without prejudice; and (iii) referral of all remaining claims in the GIT Adversary Proceeding to arbitration to be conducted by JAMS (the "Arbitration"). This stipulation was approved by the Bankruptcy Court on July 16, 2013 [Adv. Pro. Docket No. 45]. One of JAMS's neutrals, Vivien B. Shelanski, Esq., was selected as the arbitrator (the Arbitrator). Bartholomew represented himself in the Arbitration, but refused to pay any fees to JAMS. Therefore, the Debtor had to fund the Arbitration in order to enable it to proceed.

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... The parties to the Adversary Proceeding agreed to have the dispute decided by an arbitration proceeding conducted under the auspices of JAMS.

In early July, 2014, the Debtor was advised that Bartholomew requested that the Arbitration be adjourned for 30 days due to his purported lack of funds. Upon hearing of Mr. Bartholomew's request for a postponement of the Arbitration, Newman, sent a letter to the Arbitrator, urging that Bartholomew's request be denied.

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After a telephonic conference call was held on July 9, 2014, the Arbitrator issued an order adjourning the Arbitration from August 4 and 5, 2014 to September 8 and 9, 2014, and decreeing that "No further postponements will be granted."

Beginning September 2, 2014, the Arbitrator duly conducted a hearing, at which time the parties duly appeared and submitted their proofs. Bartholomew and GIT at no time objected to the jurisdiction of the arbitrator or the propriety of said arbitration.

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The controversies as submitted to the arbitrator by the Debtor, Bartholomew and GIT included all matters in dispute between them related to the Program and Loan Agreement, and alleged breach of contract and fraud against Bartholomew and GIT. The Arbitrator after

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hearing the parties, and studying the facts, circumstances and proofs submitted by the parties,

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duly arrived at a decision and award on October 6, 2014.

**Arbitration Award, Judgment
and Debtor's Efforts to Enforce
Judgment in GIT Adversary Proceeding**

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The Arbitrator determined that GIT was liable to the Debtor for breach of contract, in the amount of \$487,061.00 (the "Award"), broken down as follows: a) \$173,606.00 representing the amount paid in settlement of the pre petition action entitled Magnuson et al v. Newman et al, 10 Civ. 6211 (JSF) pending in the United States District Court for the Southern District of New York (the "District Court Action"); b) \$243,455.00 representing a judgment entered in the arbitration; c) \$50,000.00 in attorneys' fees; and d) \$20,000.00 in costs (the "Arbitration Award").

On or around May 31, 2015, the Debtor filed a proposed judgment with the Clerk of this Court pursuant to 28 U.S.C. §§ 654 and 657 (ECF#72). The judgment, in the amount of \$487,061, was entered by the Bankruptcy Court on July 14, 2015 (the "Judgment"). Subsequent to the issuance of the Judgment, GIT, Mr. Barthomew and Mr. Menner have refused to voluntarily satisfy the Judgment. Therefore, the Debtor has commenced discovery to locate monies to satisfy the judgment, and therefore, fund the Plan.

On July 17, 2015, this Court issued an Order authorizing the Debtor to conduct a Rule 2004 examination of GIT, GIC, Bartholomew and Menner (ECF# 122). The Debtor is in the process of conducting this examination.

On October 5, 2015, the Debtor also filed an application seeking entry of an order directing the production of documents by HSBC Bank, PLC, ABM/AMRO Bank Amsterdam,

NV, Bangkok Bank, and Bank of America, pursuant to Rule 2004 of the Federal Rules of Bankruptcy Procedure (ECF#130). The hearing on this application is scheduled for October 20, 2015. When the Debtor learned from certain of the banks that neither GIT nor GIC ever had any bank accounts, it withdrew the Rule 2004 application.

~~Thereafter, the Bankruptcy Court has issued several orders compelling Bartholomew to produce certain of his business bank accounts. Copies of the statements for these accounts were produced. The information contained in these bank statements caused the Bankruptcy Court, on May 24, 2016, to issue an order compelling Bartholomew shall, forthwith, deliver to Shafferman & Feldman LLP, counsel for the Debtor, unredacted copies of all bank records, including all bank statements and copies of the front and back of all negotiated checks and other payment records, for any and all bank accounts of by any entity bearing the name Geneve. As of this date, Bartholomew has not yet produced these statements.~~

~~Any award of damages collected in the GIT Adversary Proceeding will go to pay creditors under the Plan before Newman receives any recovery.~~

The Commencement of GIC Adversary Proceeding

Another potential means for the implementation of the Plan is the recovery by the Debtor in its adversary proceeding entitled Stage Presence Incorporated and Allen Newman v. Geneve International Corp., Ronald L. Bartholomew, Stephen Menner, Sara O'Meara, and Yvonne Fedderson (Adversary Proceeding Number 15-01415-MEW) which the Debtor commenced on December 10, 2015 (the "GIC Adversary Proceeding"). In the GIC Adversary proceeding the Debtor and Allen Newman, the Debtor's President, seek damages for fraud, and other claims. Any award of damages collected in the GIC Adversary Proceeding will go to pay

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creditors under the Plan before Newman receives any recovery.

On February 16, the Debtor voluntarily discontinued the GIC Adversary Proceeding, without prejudice, as to Bartholomew. The Debtor is contemplating amending the complaint in the GIC Adversary Proceeding to again include Bartholomew in the GIC Adversary Proceeding.

On February 23, 2016, Menner filed a motion seeking the dismissal of the complaint filed in the GIC Adversary Proceeding, as to him. The Debtor and Newman have opposed that motion, and the parties have submitted briefs, and the Bankruptcy Court has presided over two (2) hearings in connection with that motion. After the submission of additional briefs on or before June 15, 2016, it is expected that the Bankruptcy Court will issue a decision with respect to Menner's dismissal motion.

On April 27, 2016, Sara O'Meara and Yvonne Fedderson filed a motion seeking an order dismissing the complaint filed in the GIC Adversary Proceeding, as to them. This motion was resolved by the entry of a stipulation on May 20, 2016, among the Plaintiffs in the GIC Adversary Proceeding and defendants Sara O'Meara and Yvonne Fedderson, dismissing the complaint, without prejudice, as long as plaintiffs filed an amended complaint no later than 30 days after May 20, 2016. The Debtor and Allen Newman expect to file an amended complaint before that deadline.

THE FOLLOWING IS A BRIEF SUMMARY OF THE PLAN AND SHOULD NOT BE RELIED ON FOR VOTING PURPOSES. CREDITORS ARE URGED TO READ THE PLAN IN FULL. CREDITORS ARE FURTHER URGED TO CONSULT WITH COUNSEL, OR WITH EACH OTHER, IN ORDER TO FULLY UNDERSTAND THE PLAN.

Classification of Claims and Interests

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Article 2 of the Plan classifies the various Claims against the Debtor into two (2) classes of Claims and one (1) class of interests.

Claims in Class 1 and Interests in Class 4 are not impaired by the Plan and are deemed to have accepted the Plan. Claims in Classes 2 and 3 are impaired by the Plan and are entitled to vote on whether to accept or reject the Plan. As set forth in Article 3 of the Plan, pursuant to section 1123(a)(1) of the Bankruptcy Code, certain Administrative Claims and tax Claims against the Debtor, as well as all fees and charges assessed against the Debtor under Section 1930 of title 28 of the United States Code, have not been classified. See "SUMMARY OF THE PLAN -- Treatment of Non-Classified Claims."

Class 1 - Priority Claims. Class 1 consists of all Allowed Claims, other than Priority Tax Claims, Administrative Claims or Bankruptcy Fees, to the extent entitled to priority under section 507 of the Bankruptcy Code. Claims that may be classified in Class 1 may include, for example, certain claims of employees of the Debtor for wages, salaries and commissions or contributions to employee benefit plans up to an aggregate amount of \$10,950 per employee (during the time when the Debtor's Chapter 11 case was filed). Hemlock Productions, Inc. (Hemlock) proof of claim, asserts a priority claim, in the amount of \$5,298.30. The intends to file a motion seeking to reclassify Hemlock's claim to unsecured non priority status Two Hands Entertainment, Inc. (Two Hands) proof of claim asserts a priority claim, in the amount of \$10,000. Tom Schwinn's proof of claim asserts a priority claim, in the amount of \$3,146.50. The Debtor filed a motion seeking to reclassify Two Hands and Tom Schwinn's claims from a priority status to nonpriority status.

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The Internal Revenue Service filed a proof of claim asserting a priority claim, in the amount of \$818.58. The New York State Department of Taxation and Finance filed a proof of claim asserting a priority claim, in the amount of \$1,000.00. The New York State Department of Labor filed proofs of claim asserting a priority unsecured claim, in the aggregate amount of \$168.93. The aggregate amount of these filed unsecured priority claims is **\$20,432.311**.

Class 2 - Unsecured Claims. Class 2 consists of all Allowed Unsecured Claims without priority. The filed unsecured claims that have not been paid in the District Court Action are: Hemlock Productions, Inc. (\$3,868.95); Internal Revenue Service (\$53.01); Alan Adelman (\$17,344.61); Lonely Street Productions, Inc. (\$2,480); Jeff Shaw Productions, Inc. (\$4,313.50); ~~Hemlock Productions, Inc. (\$3,868.95);~~ Idea Asylum Productions, Inc. (\$38,851.25); Music Mix Mobile, Inc. (\$39,286.92); ~~VIP Prompting, Inc. (\$2,142.50); East Shore Sound Inc. (\$8,268.52);~~ Weusi Baraka Chapman (\$1,083.03); Kenigma, Inc. (\$13,052.23); One Foot Productions, Inc. (\$9,600); Lloyd Jordan (\$1,444.08); Law Office of Kerry Connolly (amount is listed as unliquidated); George Berra (\$4,000); ~~Tom Schwinn (\$3,146.50), subject to entry of order reclassifying claim);~~ Two Hands Entertainment, Inc. (\$10,000), ~~subject to entry of order reclassifying claim;~~ Sara O'Meara & Yvonne Fedderson (\$45,000)~~);~~ The aggregate amount of these and scheduled unsecured nonpriority claim is **\$203,935.103**

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The Debtor scheduled the following general unsecured claims and no proofs of claim have yet to be filed: ~~AJ Mobile Video Inc. (\$21,376); Albert J. Centrella (\$3,535); BET~~

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1 The Debtor reserves all of its rights to object to these claims.

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2 At the Arbitration hearing in the GIT Adversary Proceeding, evidence was presented showing that O'Meara and Fedderson had no claims against the Debtor. The Debtor reserves all of its rights to object to this claim

3 The Debtor reserves all of its rights to object to these claims.

Event Productions (\$25,000); Boom Productions (~~\$00.00~~)⁴; Brian McKnight (\$10,000); BSLC, Inc. (\$150,000); Charise Entertainment Inc. (\$2,651.40); Entertainment Staging (\$1,000); Gregory Marquette (~~\$150,000~~); Hydra Frame (\$10,000); JFK Center for the Performing Arts (\$3,226.04); KZ Video Consultants (~~\$0.00~~)⁵; Media Services, Inc. (~~\$00.00~~)⁶; Lonely Street Productions, Inc. (~~\$00.00~~); Militunes Music (\$15,000); Omalie Durand (\$10,000); Pagano & Forgach, LLP (\$6,000); On Point Security, Inc. (~~\$00.00~~)⁷; Parallax Marketing \$10,000; Pattonium, Inc. (\$10,000); Richard Hershenson, Esq. (\$6,600); RSC Touring LLC (\$10,000); Vision Unlimited, NY (\$2,500); Visual Edge Productions, Inc. (\$4,353); and Zwicker & Associates, P.C. (\$160,9119). Creditors William Auth (\$600); Shaun Blake (\$450); Crispin Brooks (\$450); Darius Clemons (\$450); Craig Greco (\$1300); Flavia Head (\$500); Brent Joseph (\$750); Sal Kasuli (\$300); Loretta McClurkin); (\$757.05); Alexandra Schwinn (\$300); Devon Walker (\$500) will be added to Schedule F as soon as the Debtor obtains their last known

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⁴ Boom Productions was paid in the settlement of the District Court Action and is not being counted in the totals described herein and will not be sent a ballot.

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⁵ KZ Video Consultants, was paid in the settlement of the District Court Action and is not being counted in the totals described herein and will not be sent a ballot.

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⁶ Media Services, Inc. was paid in the settlement of the District Court Action and is not being counted in the totals described here, and will not be sent a ballot.

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⁷ On Point Security, Inc. was paid in the settlement of the District Court Action and is not being counted in the totals described herein and will not be sent a ballot.

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⁹ Zwicker & Associates, P.C was scheduled as a contingent, unliquidated and disputed creditor but never filed a proof of claim. Therefore, it is not entitled to a distribution, its claim is not being counted in this calculation and it will not be sent a ballot.

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addresses. The aggregate amount of the unpaid scheduled unsecured nonpriority claim is
~~\$457,148,421~~¹⁰.

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Class 3-Unsecured Insider Claims. Class 3 consists of the Unsecured Insider Claims against the Debtor. The Debtor believes that Allen Newman, who holds a claim in the amount of **\$250,000**, is the only claimant in this class.

Class 4 - Equity Interests. Class 4 consists of the equity interests in the Debtor. The Debtor's shareholders of Allen Newman (94%), Tom Ferber (3%) and Bennette Lerner (3%).

Treatment of Claims Classified Under the Plan

Articles 4 and 5 of the Plan provide for the treatment of impaired and unimpaired claims classified in Article 2 of the Plan.

Class 1 - Priority Claims.

A. Impairment and Voting. Class 1 is unimpaired by the Plan. The holder of an allowed Class 1 Priority Claim is not entitled to vote on the Plan.

B. Treatment. Subject to the provisions of Article 9 of the Plan with respect to Disputed Claims, in full satisfaction of their claims, each holder of an allowed Class 1 Priority Claim shall be paid in full, in cash, on the later of the Effective Date of this Plan as defined in Article 1, or the date on which such claim is allowed by a final non appealable order, or as may be otherwise agreed in writing between the Debtor and the holder of such Claim.

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Class 2 – General Unsecured Creditor Claims.

¹⁰ The Debtor reserves all of its rights to move to amend its schedules to remove these claims from its schedules.

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A. Impairment and Voting. Class 2 is impaired by the Plan. The holder of an allowed Class 2 General Unsecured Creditor Claim is entitled to vote on the Plan.

B. Treatment. Subject to the provisions of Article 9 of the Plan with respect to Disputed Claims, in full satisfaction of their claims, each holder of Allowed Class 2 General Unsecured Claims shall receive: (1) their pro rata share of the proceeds of the Litigation Fund, if any is generated; (2) their pro rata share of the Television Program Revenue; and (3) their pro rata share of fifty percent (50%) of the Debtor's net income generated by its post confirmation operations, payable in equal quarterly installments for a period of the earlier of three (3) years following the Effective Date or such time when their Allowed claims are paid, in full, from the Litigation Fund and/or the Television Program Revenue.

Deleted: Subject to the provisions of Article 9 of the Plan with respect to Disputed Claims, in full satisfaction of their claims, each holder of Allowed Class 2 General Unsecured Claims shall receive: (1) their pro rata share of the proceeds of the Litigation Fund, if any is generated; (2) their pro rata share of the Television Program Revenue; and (3) their pro rata share of fifty percent (50%) of the Debtor's net income generated by its post confirmation operations, payable in equal quarterly installments for a period of the earlier of three (3) years following the Effective Date or such time when their Allowed claims are paid, in full, from the Litigation Fund and/or the Television Program Revenue.

Class 3-- Unsecured Insider Claims.

A. Impairment and Voting. Class 3 is impaired by the Plan.

B. Treatment. As long as all holders of Allowed administrative claims, all holders of Allowed unclassified claims, and all holders of Allowed claims in Classes 1 and 2 shall receive payment, in full, of their Allowed Claims, along with pre-petition and post-petition interest at the contract rate, or if there is no such rate specified, at the prime rate of interest as existing on the Effective Date, as published in the New York Times or Wall Street Journal, or as may be otherwise agreed in writing between the Debtor and the holder of such Claims; then on the Effective Date, each holder of an Allowed Class 3 Insider Claim shall receive the remaining balance of the Litigation Fund and Television Program Revenue.

Class 4 – Equity Interests.

A. Impairment and Voting. Class 4 is unimpaired by the Plan.

B. Treatment. ~~The Debtor's interest holders shall retain their interests in Debtor, but shall dedicate seventy five (75%) percent of the Debtor's net income generated from its post confirmation business operations during the three (3) years following the Effective Date to pay creditors under the Plan. The other twenty five percent (25%) percent of the net income shall be used to pay project related expenses which includes compensation to the Debtor's interest holder, Allen Newman, for his services rendered.~~

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Treatment of Non-Classified Claims

Pursuant to section 1123(a)(1) of the Bankruptcy Code, the Plan does not classify Administrative Claims entitled to priority treatment under section 507(a)(1) of the Bankruptcy Code or Claims of Governmental Units entitled to priority pursuant to section 507(a)(8) of the Bankruptcy Code. Article 3 of the Plan provides for the manner of treatment of such non-classified Claims, including fees due to the Office of the United States Trustee pursuant to 28 U.S.C. §1930(a)(6).

Deleted: The Debtor's interest holders shall retain their interests in Debtor, but shall dedicate seventy-five (75%) percent of the Debtor's net income generated from its post confirmation business operations during the next three (3) years to pay creditors under the Plan. The other twenty five percent (25%) percent of the net income shall be used to pay project related expenses which includes compensation to the Debtor's interest holder, Allen Newman, for his services rendered.

Administrative Claims. Administrative Claims are the costs and expenses of administration of this Case, allowable under section 503(b) of the Bankruptcy Code, other than Bankruptcy Fees. Administrative Claims include Claims for the provision of goods and service to the Debtor after the Petition Date, the liabilities incurred in the ordinary course of the Debtor's business (other than claims of governmental units for taxes or interest or penalties related to such taxes) after the Petition Date, Claims of professionals, such as attorneys, appraisers, and accountants, retained pursuant to an order of the Bankruptcy Court, for compensation and reimbursement of expenses under section 330 of the Bankruptcy Code, and tax claims for the period from the Petition Date to the Effective Date of the Plan. New York State Department of

Taxation and Finance filed an administrative expenses claim, in the amount of \$390.10. New York State Department of Labor filed an administrative expenses claim, in the amount of \$323.62. The Debtor's bankruptcy counsel retained in this Case has an administrative expense claim of approximately \$100,000.00, as of this date.

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However, the Debtor believes that professionals retained by the Debtor in this case have agreed to be paid their Allowed Claims from their pro rata share of twenty five (25%) percent of the Debtor's net income generated by its post confirmation operations, payable in equal quarterly installments for a period of the earlier of three (3) years following the Effective Date or such time when their Allowed Claims are paid, in full, from the Litigation Fund and/or the Television Program Revenue.

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Subject to the treatment set forth in the following paragraphs with respect to ordinary course liabilities, professionals' fees and expenses and post-petition tax claims, each Administrative Claim, to the extent not previously paid, shall be paid by the Debtor in Cash in full on (i) the later of the Effective Date, the date payment of such Claim is due under applicable law, or three business days after such Claim becomes an Administrative Claim or (ii) as may be otherwise mutually agreed in writing between the Debtor and the holder of such Claim; *provided, however*, that any Administrative Claim incurred by the Debtor in the ordinary course of its business shall be paid in full or performed by the Debtor in accordance with the terms and conditions of the particular transaction giving rise to such liability and any agreements relating thereto.

Except as set forth below, Proofs of Administrative Claims must be filed no later than the first Business Day that is 60 days after the Effective Date ("the Administrative Bar

Date"). Copies of all Proofs of Administrative Claims must be served on counsel for the Debtor. Holders of Administrative Claims that do not file Proofs of Administrative Claims on or before the Administrative Bar Date, shall be forever barred from asserting such Claims against the Debtor or its property.

Holders of Administrative Claims for liabilities incurred in the ordinary course of the Debtor's business (other than claims of governmental units for taxes or interest or penalties related to such taxes) shall not be required to file any Proofs of Administrative Claim and such Administrative Claims shall be assumed and paid by the Debtor pursuant to the terms and conditions of the transaction giving rise to such Administrative Claim without any further action by the holders of such claims.

All professionals employed under sections 327 or 1103 of the Bankruptcy Code shall file final applications for compensation and reimbursement of reasonable and necessary expenses pursuant to section 330 of the Bankruptcy Code no later than the first Business Day that is 60 days after the Effective Date. Any such application timely filed shall be deemed to be a Proof of Administrative Claim. No later than three days prior to the Effective Date, each such professional shall provide the Debtor with an estimate of the total amount of compensation and expenses for which such professional expects to seek final compensation pursuant to section 330 of the Bankruptcy Code. Such estimates shall include estimated sums for the preparation and prosecution of any such application. Objections to any professional's application for compensation or reimbursement must be filed and served upon such professional, and the Debtor, no later than 90 days after the Effective Date. Any such objection not timely filed and served shall be deemed to have been waived.

With the exception of the Internal Revenue Service, all Proofs of Administrative Claims for Post-Petition Tax Claims for which no bar date has otherwise previously been established, must be filed on or before the later of (i) 60 days following the Effective Date; and (ii) 120 days following the filing of the tax return for such taxes for such tax year or period with the applicable Governmental Unit. Any holder of any Post-Petition Tax Claim that does not file a Proof of Administrative Claim by the applicable bar date shall be forever barred from asserting any such Post-Petition Tax Claim against the Debtor or its property, whether any such Post-Petition Tax Claim is deemed to arise prior to, on, or subsequent to the Effective Date.

Priority Tax Claims.

a. In full satisfaction, release and discharge of Priority Tax Claims, and except as may be otherwise mutually agreed in writing between the Debtor and such Governmental Units, except to the extent that the holder of a particular Allowed Priority Tax Claim agrees to a different treatment thereof, each holder of an Allowed Priority Tax Claim shall receive on account of such Claim regular installment payments -

i. of a total value, as of the Effective Date of the Plan, equal to the allowed amount of such Claim, along with interest at the rate determined under applicable nonbankruptcy law.

ii. over a period ending not later than five years after the Petition Date under Section 301, 302 or 303; and

iii. in a manner not less favorable than the most favored nonpriority Unsecured Claim provided for by the Plan (other than Cash payments made to a class of creditors under Section 1122(b)).

b. Payments under section 3(a) of this Plan shall commence on the later of the first Business Day which is at least: (i) 30 days after the Effective Date, or (ii) 10 Business Days after the entry of a Final Order allowing such Priority Tax Claim, or at such other time that is agreed to by the holder of such Priority Tax Claim and the Debtor; *provided, however*, that the Debtor, may, in its sole discretion, pay such Priority Tax Claims in Cash, in whole or in part, at any time on or after the Effective Date, without premium or penalty.

Under the Plan, the Debtor maintains the right to pay priority tax claims, or any remaining balance of such claims, in full, at any time on or after the Effective Date, without premium or penalty.

SUMMARY OF THE MEANS OF IMPLEMENTATION UNDER THE PLAN

Implementation. This Plan shall be implemented by the following: by the following: (1) the Debtor's post confirmation enforcement of the GIT Adversary Proceeding; (2) the successful prosecution and/or settlement of the GIC Adversary Proceeding; (3) the Debtor's efforts to market and sell its rights in the Television Program, and thus generate the Television Program Revenue; (4) Any funds in the Litigation Trust after payment of fees and expenses incurred by the Litigation Trustee; allowed administrative claims quarterly fees owed to the Office of the United States Trustee, and allowed priority unsecured claims; (5) the Debtor's Cash on hand as of the Effective Date; and (6) seventy (75%) of the net income generated by the Debtor's post confirmation business operations payable quarterly for a period of the earlier of three (3) years from the Effective Date or when all Creditors Allowed Claims are paid, in full.

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- IMPLEMENTATION OF THE PLAN ¶

Creation of Litigation Trust and Appointment of Litigation Trustee. On the Effective Date, the Litigation Trust shall be created and, thereafter, shall be administered by the Litigation Trustee in accordance with a Litigation Trust Agreement.

Causes of Action. Any and all rights or claims arising under any theory of law or fact accruing to or assertable by the Debtor and/or its Estate with regard to claims against insiders of the Debtor, within the meaning of section 101(31)(B) of the Bankruptcy Code, shall be transferred to and vest in the Litigation Trust as of the Effective Date. Only the Litigation Trustee Agreement, compromise or settle any claims or causes of action with regard to claims against insiders of the Debtor, within the meaning of section 101(31)(B) of the Bankruptcy Code. From and after the Effective Date, the Litigation Trust and the Litigation Trustee may commence, litigate, and settle any claims or causes of action arising in connection with claims against insiders of the Debtor, within the meaning of section 101(31)(B) of the Bankruptcy Code, except as otherwise expressly provided in the Plan and the Litigation Trust Agreement. The Bankruptcy Court shall retain jurisdiction to adjudicate such claims or causes of action.

Objections to Disputed Claims. On the Effective Date of the Plan, the Debtor shall transfer to the Litigation Trustee all of the Debtor's rights, title and interest concerning any potential objections to any Disputed Claims filed by insiders of the Debtor, within the meaning of section 101(31)(B) of the Bankruptcy Code (Insider Disputed Claims). From and after the Effective Date of the Plan, the Litigation Trustee shall be the sole representative of the Debtor's Estate for the purposes of investigating, settling, compromising, objecting to, and litigating objections to Insider Disputed Claims in the Bankruptcy Court or elsewhere. The Litigation Trustee may object, on appropriate grounds, to the allowance of any Insider Disputed Claim up

ninety (90) days following the Effective Date of the Plan subject to extension by Order of the Bankruptcy Court. All objections shall be litigated to Final Order. In the event any Insider Claim is filed or asserted after the Effective Date, the Litigation Trustee shall have sixty (60) days from the date of such filing or notice to object to such Claim, which deadline may be extended by Order of the Bankruptcy Court. The Litigation Trustee reserves the right to compromise, settle, withdraw or resolve by any other method approved by the Bankruptcy Court, any such objections to Insider Disputed Claims.

The Debtor shall continue to have the authority to pursue objections to claims filed by non insider creditors (öNon Insider Claimsö). The Debtor may object, on appropriate grounds, to the allowance of any Non Insider Disputed Claim up ninety (90) days following the Effective Date of the Plan subject to extension by Order of the Bankruptcy Court. All objections shall be litigated to Final Order. In the event any Non Insider Claim is filed or asserted after the Effective Date, the Debtor shall have sixty (60) days from the date of such filing or notice to object to such Claim, which deadline may be extended by Order of the Bankruptcy Court. The Debtor reserves the right to compromise, settle, withdraw or resolve by any other method approved by the Bankruptcy Court, any such objections to Non Insider Disputed Claims.

Authority Over Claims Objections and Causes of Action Against Insiders.

Objections to Claims of öinsidersö of the Debtor and or causes of action against öinsidersö of the Debtor, within the meaning of section 101(31)(B) of the Bankruptcy Code pursued by the Litigation Trustee may be litigated to judgment or may be settled or withdrawn by the Litigation Trustee without approval of the Bankruptcy Court provided that he/she has first given to

interested parties in this case ten (10) days notice thereof. Such notice shall contain the material terms of such settlement, withdrawal or other resolution. If no objection is received within that time, the proposed settlement, withdrawal or other resolution shall be deemed approved is if by Order of the Bankruptcy Court. Such notice shall contain the material terms of such settlement, withdrawal or other resolution. If no objection is received within that time, the proposed settlement, withdrawal or other resolution shall be deemed approved is if by Order of the Bankruptcy Court.

Authority Over Claims Objections and Causes of Action Against Non Insiders. Objections to Claims of non insiders of the Debtor and or causes of action against non insiders of the Debtor, within the meaning of section 101(31)(B) of the Bankruptcy Code pursued by the Debtor may be litigated to judgment or may be settled or withdrawn by the Debtor without approval of the Bankruptcy Court provided that it has first given to interested parties in this case ten (10) days notice thereof. Such notice shall contain the material terms of such settlement, withdrawal or other resolution. If no objection is received within that time, the proposed settlement, withdrawal or other resolution shall be deemed approved is if by Order of the Bankruptcy Court. Such notice shall contain the material terms of such settlement, withdrawal or other resolution. If no objection is received within that time, the proposed settlement, withdrawal or other resolution shall be deemed approved is if by Order of the Bankruptcy Court.

Transfer Taxes. Pursuant to section 1146 of the Bankruptcy Code, the initial issuance, transfer, or exchange of any security and the making or delivery of any instrument of transfer in connection with or in furtherance of the Plan shall not be subject to tax under any law

imposing a stamp tax, Transfer Tax, mortgage recording tax or similar tax, and, to the extent provided by section 1146, if any, shall not be subject to any state, local or federal law imposing sales tax.

Management of the Debtor. On and after the Effective Date, the Debtor shall continue to be managed in accordance with the terms of its Certificate of Incorporation.

Officers and Directors of the Debtor. On and after the Effective Date, and subject to the terms of the Debtor's Certificate of Incorporation the Debtor's then existing officers and directors shall continue to serve as the officers and directors of the Debtor and shall continue to exercise all of the rights and powers granted to the officers and directors in the Debtor's Certificate of Incorporation.

Revesting of Assets. (a) Except as otherwise provided herein, on the Effective Date all assets and properties of the Estate shall vest in the Debtor free and clear of all Liens, Claims and encumbrances and any and all Liens, Claims and encumbrances that have not been expressly preserved under the Plan shall be deemed extinguished as of such date. Except as otherwise provided herein, as of the Effective Date, all property of the Debtor shall be free and clear of all Claims and Interests of Creditors and Interest Holders, except for the obligations that are imposed under the Plan or by a Final Order of the Bankruptcy Court. Notwithstanding the foregoing and 1141(c) of the Bankruptcy Code, any lien of New York City on property of the Debtor shall survive this proceeding in accordance with Section 506(d)(2) of the Bankruptcy Code unless and until paid pursuant to this Plan, or otherwise satisfied.

(b) Except as otherwise provided herein, following the Effective Date the Debtor may operate the Property and buy, use, acquire, and dispose of the Property, and settle

and compromise any claims, interests and causes of action free of any restrictions contained in the Bankruptcy Code or Bankruptcy Rules.

Funding. Funding of the Plan shall be from the following: (1) the Debtor's post confirmation enforcement of the GIT Adversary Proceeding; (2) the successful prosecution and/or settlement of the GIC Adversary Proceeding; (3) the Debtor's efforts to market and sell its rights in the Television Program, and thus generate the Television Program Revenue; (4) Any funds in the Litigation Trust after payment of fees and expenses incurred by the Litigation Trustee; allowed administrative claims quarterly fees owed to the Office of the United States Trustee, and allowed priority unsecured claims; (5) the Debtor's Cash on hand as of the Effective Date; and (6) seventy (75%) of the net income generated by the Debtor's post confirmation business operations payable quarterly for a period of the earlier of three (3) years from the Effective Date or when all Creditors Allowed Claims are paid, in full.

Execution of Documents. Pursuant to sections 105, 1141(c) and 1142(b) of the Bankruptcy Code, the Debtor shall be authorized to execute, in the name of any necessary party, any notice of satisfaction, release or discharge of any Lien, Claim or encumbrance not expressly preserved in the Plan and deliver such notices to any and all federal, state and local governmental agencies or departments for filing and recordation, and the Confirmation Order shall expressly so provide.

Filing of Documents. Pursuant to sections 105, 1141(c) and 1142(b) of the Bankruptcy Code, each and every federal, state and local governmental agency or department shall be directed to accept and record any and all documents and instruments necessary, useful or appropriate to effectuate, implement and consummate the transactions contemplated by the Plan,

including, but not limited to any and all notices of satisfaction, release or discharge of any Lien, Claim or encumbrance not expressly preserved by the Plan, and the Confirmation Order shall expressly so provide.

Preservation of Rights of Action. Except as otherwise provided herein or in any contract, instrument, release or other agreement entered into in connection with the Plan, the Debtor shall retain and may, in accordance with its determination of its best interest, enforce any claims, rights and causes of action arising under sections 544 through 550 of the Bankruptcy Code or any similar provisions of state law, or any statute or legal theory. After reviewing its books and records, the Debtor believes that it has made no transfers and incurred no obligations within the relevant statutory periods, that were either outside the ordinary course of business, or subject to avoidance and recovery under sections 544 through 550 of the Bankruptcy Code or any similar provisions of State law, or any statute or legal theory. shall have the right to pursue or not to pursue, or, subject to the terms of this Plan and the Litigation Trust,

PROVISIONS GOVERNING DISTRIBUTIONS

Disbursing Agent. The Disbursing Agent shall distribute all Cash or other property to be distributed under the Plan. The Disbursing Agent may employ or contract with other entities to assist in or perform the distribution of the property to be distributed. The Disbursing Agent shall serve without bond and receive no compensation.

Method of Payment. All Cash payments to be made by the Debtor pursuant to the Plan shall be made by check drawn on a domestic bank.

No Distribution Pending Allowance. Notwithstanding any other provision of the Plan, no payment or distribution of Cash shall be made with respect to any portion of a

Deleted: (1) the Debtors' post confirmation enforcement of the GIT Adversary Proceeding; (2) the successful prosecution and/or settlement of the GIC Adversary Proceeding; (2) the Debtors' efforts to market and sell its rights in the Television Program, and thus generate the Television Program Revenue (3) the Debtor's Cash on hand as of the Effective Date; and (4) seventy (75%) of the net income generated by the Debtors' post confirmation business operations payable quarterly for a period of the earlier of three (3) years from the Effective Date or when all Creditors Allowed Claims are paid, in full. ¶

Transfer Taxes. Pursuant to section 1146 of the Bankruptcy Code, the initial issuance, transfer, or exchange of any security and the making or delivery of any instrument of transfer in connection with or in furtherance of the Plan shall not be subject to tax under any law imposing a stamp tax, Transfer Tax, mortgage recording tax or similar tax, and, to the extent provided by section 1146, if any, shall not be subject to any state, local or federal law imposing sales tax. ¶

Management of the Debtor. On and after the Effective Date, the Debtor shall continue to be managed in accordance with the terms of its Certificate of Incorporation. ¶

Officers and Directors of the Debtor. On and after the Effective Date, and subject to the terms of the Debtor's Certificate of Incorporation the Debtor's then existing officers and directors shall continue to serve as the officers and directors of the Debtor and shall continue to exercise all of the rights and powers granted to the officers and directors in the Debtor's Certificate of Incorporation. ¶

Revesting of Assets. (a) Except as otherwise provided herein, on the Effective Date all assets and properties of the Estate shall vest in the Debtor free and clear of all Liens, Claims and encumbrances and any and all Lie... [1]

Deleted: Objection Deadline. Unless otherwise ordered by the Bankruptcy Court, the Debtor may file and serve any objection to any Claim or Interest at any time, but in no event after the later to occur of (i) 30 days after the Effective Date or (ii) 30 days after the date proof of such Claim or Interest is filed. ¶

Prosecution of Objections. After the Effective Date, only the Debtor shall have authority to file, settle, compromise, withdraw or litigate to judgment objections to Disputed Claims. The Debtor shall have the right to litigate to judgment, settle or withdraw any objection to any Claim or Interest. ¶

Disputed Claim or Disputed Interest unless and until all objections to such Claim or Interest are resolved by Final Order.

Delivery of Distributions. Except as otherwise provided in Article 9 of the Plan, distributions to holders of Allowed Claims shall be made: (1) at the addresses set forth on the respective Proofs of Claim filed by such holders; (2) at the addresses set forth in any written notices of address changes delivered to the Disbursing Agent after the date of any related Proof of Claim; or (3) at the address reflected in the Schedules if no Proof of Claim is filed and the Disbursing Agent has not received a written notice of a change of address.

Undeliverable Distributions. (a) If the distribution to the holder of any Claim is returned to the Disbursing Agent as undeliverable, no further distribution shall be made to such holder unless and until the Disbursing Agent is notified in writing of such holder's then current address. Undeliverable distributions shall remain in the possession of the Disbursing Agent until the earlier of (i) such time as a distribution becomes deliverable or (ii) such undeliverable distribution becomes an unclaimed distribution as described below.

(b) Until such time as an undeliverable distribution becomes an unclaimed distribution, within 30 days after the end of each calendar quarter following the Effective Date, the Disbursing Agent shall make distributions of all Cash and property that has become deliverable during the preceding quarter. Each such distribution shall include the net return yielded from the investment of any undeliverable Cash, from the date such distribution would have been due had it then been deliverable to the date that such distribution becomes deliverable.

(c) The Disbursing Agent shall make a good faith effort to determine

the Creditor[s] last known address. However, nothing contained in the Plan shall require the Debtor and/or the Disbursing Agent to locate such Person. It is the obligation of each Person claiming rights under the Plan to keep the Debtor and/or the Disbursing Agent advised of their current address by sending written notice of any changes to the Debtor and/or the Disbursing Agent.

Unclaimed Distributions. Any Cash or other property to be distributed under the Plan shall become the property of the Debtor, if it is not claimed by the Person entitled thereto before sixty (60) days after the check has been mailed and has not been negotiated by the claimant at the Disbursing Agent's depository.

REQUIREMENTS FOR CONFIRMATION OF THE PLAN

Confirmation Hearing. The Bankruptcy Code requires that the Bankruptcy Court, after notice, hold a hearing to consider confirmation of the Plan. The Confirmation Hearing is scheduled to commence on August, 2016 at 11:00 a.m. in the United States Bankruptcy Court, Alexander Hamilton Custom House, Courtroom 617, One Bowling Green, New York, New York 10004. 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.

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Liquidation Analysis. The Debtor has concluded that the Plan provides to each Creditor a recovery with a present value at least equal to the present value of the distribution which such person would receive if the Debtor were liquidated under chapter 7 of the Bankruptcy Code. The Debtor has no assets, other than several thousand dollars in its debtor in

possession bank account. Therefore, the creditors will receive more under the Plan than they would were this case were converted Chapter 7.

Feasibility. For the Plan to be confirmed, it must be demonstrated that consummation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor. For purposes of determining whether the Plan meets this requirement, the Funder has analyzed its ability to meet its obligations under the Plan. Based upon the projections, a copy of which are attached hereto as **Exhibit "A"**, the Debtor believes that the Plan is feasible since it projects a quarterly distribution to creditors for three (3) years subsequent to the Effective Date. Additionally, the distribution could be significantly greater if any of the following were to occur: (1) the Debtor is able to enforce the judgment entered by the Bankruptcy Court in the GIT Adversary Proceeding; (2) the Debtor and Newman are able to successfully prosecute, enforce, and/or settlement of the GIC Adversary Proceeding; and/or (3) the Debtor is able to market and sell its rights in the Television Program, and thus generate the Television Program Revenue

Confirmation with the Acceptance of Each Impaired Class. The Plan may be confirmed if each impaired Class of Claims or Interests accepts the Plan. Classes of Claims or Interests which are not impaired are deemed to have accepted the Plan. A Class is impaired if the legal, equitable or contractual rights attaching to the Claims or Interests of that Class are modified other than by curing defaults and reinstating maturities or by payment in full in cash. Holders of Claims in Class 2 and 3 are impaired by the Plan and are entitled to file Ballots accepting or rejecting the Plan. Holders of Claims in Class 1 and Interests in Class 4 are not impaired by the Plan and may not vote to accept or reject the Plan.

The Bankruptcy Code defines acceptance of a plan by a Class of Claims as acceptance by the holders of two-thirds in dollar amount and a majority in number of Claims of that Class. Only those Claims, the holders of which actually vote to accept or reject the Plan, are counted for the purpose of determining whether the requisite number and amount of acceptances have been received.

Confirmation Without the Acceptance of Each Impaired Class. In the event that any impaired Class of Claims or Interests does not accept the Plan, the Bankruptcy Court may nevertheless confirm the Plan at the Debtor's request if (i) all other requirements of section 1129(a) of the Bankruptcy Code are satisfied, (ii) at least one impaired Class of Claims votes to accept the Plan without regard to any vote cast on account of a Claim held by "insiders" (as defined in the Bankruptcy Code) and (iii) as to each impaired Class which has not accepted the Plan, the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such non-accepting Class. The Debtor believes that the Plan is in the best interest of all Creditors and Interest holders and strongly recommends that all parties entitled to vote cast their ballots in favor of accepting the Plan. Nevertheless, out of an excess of caution the Debtor has requests that the Court confirm the Plan over the rejection of any non-accepting class in the event all other elements of section 1129(a) are satisfied.

A plan "does not discriminate unfairly" if the legal rights of a non-accepting class are treated in a manner that is consistent with the treatment of other classes whose legal rights are intertwined with those of the non-accepting class, and no class receives payments in excess of that which it is legally entitled to receive for its Claims or Interests. The Debtor believes that under the Plan all classes of Impaired Claims and Impaired Interests are treated in a manner that

is consistent with the treatment of other classes of Claims and Interests with which their legal rights are intertwined, if any, and no class of Claims or Interests will receive payments or property with an aggregate value greater than the aggregate value of the Allowed Claims and Allowed Interests in such class. Accordingly, the Debtor believes the Plan does not discriminate unfairly as to any impaired class of Claims or Interests.

Whether the Plan is fair and equitable depends upon the application of the so-called "absolute priority rule." Subject to certain exceptions, this rule, codified in section 1129(b)(2) of the Bankruptcy Code, generally requires that an impaired Class of Claims or Interests that has not accepted the Plan must be paid in full if a more junior class receives any distribution under the Plan.

With respect to Unsecured Claims, the absolute priority rule allows the confirmation of a Plan over the rejection of a class of Unsecured Claims if the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the Plan on account of such junior claim or interest any property. Under the Plan, the Debtor's Interest Holder will retain his interests in the Debtor, but will not receive any cash distribution and will be contributing new value to the Debtor by contributing his own funds and guaranteeing plan payments in order to insure that the Debtor makes the distributions required by the Plan, to the extent necessary. The Debtor believes that the Debtor's Interest Holder's assignment of his claim in the GIC Adversary Proceeding up to the amount necessary to pay all holder's of Allowed Claims, in full, is requisite "new value" necessary to satisfy the "new value" exception to the absolute priority rule, with respect to Unsecured Creditors. However, as a practical matter, if Class 2 (General Unsecured Creditors) votes to reject the Plan, the Plan

cannot be confirmed.

MISCELLANEOUS PROVISIONS CONTAINED IN THE PLAN

The Plan provides that any contract that is executory in whole or in part which the Debtor has not prior to the confirmation date rejected or terminated shall be deemed assumed and in full force and effect. The Plan states that the Debtor will obtain a discharge of all its existing debts at confirmation, and a provision prohibiting creditors from interfering with the payments that are to be made under the Plan. The Plan further provides for the Bankruptcy Court to retain jurisdiction over this Chapter 11 Case to resolve certain issues which may not be fully determined prior to the Effective Date. Although the Plan provides for the retention of jurisdiction to hear and determine all adversary proceedings brought under Sections 544, 545, 547, 548, 549 and 550 of the Bankruptcy Code commenced prior to one (1) year after the Effective Date, as of this date, the Debtor's investigation has not disclosed the existence of any such action.

DATED: New York, New York
June 14, 2016

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STAGE PRESENCE INCORPORATED

By:

/S/ Allen Newman
Allen Newman, President

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Shafferman & Shafferman LLP
Counsel for the Debtor
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(1) the Debtor's post confirmation enforcement of the GIT Adversary Proceeding; (2) the successful prosecution and/or settlement of the GIC Adversary Proceeding; (2) the Debtor's efforts to market and sell its rights in the Television Program, and thus generate the Television Program Revenue (3) the Debtor's Cash on hand as of the Effective Date; and (4) seventy (75%) of the net income generated by the Debtor's post confirmation business operations payable quarterly for a period of the earlier of three (3) years from the Effective Date or when all Creditors Allowed Claims are paid, in full.

Transfer Taxes. Pursuant to section 1146 of the Bankruptcy Code, the initial issuance, transfer, or exchange of any security and the making or delivery of any instrument of transfer in connection with or in furtherance of the Plan shall not be subject to tax under any law imposing a stamp tax, Transfer Tax, mortgage recording tax or similar tax, and, to the extent provided by section 1146, if any, shall not be subject to any state, local or federal law imposing sales tax.

Management of the Debtor. On and after the Effective Date, the Debtor shall continue to be managed in accordance with the terms of its Certificate of Incorporation.

Officers and Directors of the Debtor. On and after the Effective Date, and subject to the terms of the Debtor's Certificate of Incorporation the Debtor's then existing officers and directors shall continue to serve as the officers and directors of the Debtor and shall continue to exercise all of the rights and powers granted to the officers and directors in the Debtor's Certificate of Incorporation.

Revesting of Assets. (a) Except as otherwise provided herein, on the Effective Date all assets and properties of the Estate shall vest in the Debtor free and clear of all Liens, Claims and encumbrances and any and all Liens, Claims and encumbrances that have not been expressly preserved under the Plan shall be deemed extinguished as of such date. Except as otherwise provided herein, as of the Effective Date, all property of the Debtor shall be free and clear of all Claims and Interests of Creditors and Interest Holders, except for the obligations that are imposed under the Plan or by a Final Order of the Bankruptcy Court. Notwithstanding the foregoing and 1141(c) of the Bankruptcy Code, any lien of New York City on property of the Debtor shall survive this proceeding in accordance with Section 506(d)(2) of the Bankruptcy Code unless and until paid pursuant to this Plan, or otherwise satisfied.

(b) Except as otherwise provided herein, following the Effective Date the Debtor may operate the Property and buy, use, acquire, and dispose of the Property, and settle and compromise any claims, interests and causes of action free of any restrictions contained in the Bankruptcy Code or Bankruptcy Rules.

Funding. Payments and distributions to be made under the Plan shall be made from: (1) the Debtor's post confirmation enforcement of the GIT Adversary Proceeding; (2) the successful prosecution and/or settlement of the GIC Adversary Proceeding; (2) the Debtor's efforts to market and sell its rights in the Television Program, and thus generate the Television Program Revenue (3) the Debtor's Cash on hand as of the Effective Date; and (4) seventy (75%) of the net income generated by the Debtor's post confirmation business operations payable quarterly for a period of the

earlier of three (3) years from the Effective Date or when all Creditors Allowed Claims are paid, in full.

Execution of Documents. Pursuant to sections 105, 1141(c) and 1142(b) of the Bankruptcy Code, the Debtor shall be authorized to execute, in the name of any necessary party, any notice of satisfaction, release or discharge of any Lien, Claim or encumbrance not expressly preserved in the Plan and deliver such notices to any and all federal, state and local governmental agencies or departments for filing and recordation, and the Confirmation Order shall expressly so provide.

Filing of Documents. Pursuant to sections 105, 1141(c) and 1142(b) of the Bankruptcy Code, each and every federal, state and local governmental agency or department shall be directed to accept and record any and all documents and instruments necessary, useful or appropriate to effectuate, implement and consummate the transactions contemplated by the Plan, including, but not limited to any and all notices of satisfaction, release or discharge of any Lien, Claim or encumbrance not expressly preserved by the Plan, and the Confirmation Order shall expressly so provide.

Preservation of Rights of Action. Except as otherwise provided herein or in any contract, instrument, release or other agreement entered into in connection with the Plan, the Debtor shall retain and may, in accordance with its determination of its best interest, enforce any claims, rights and causes of action arising under sections 544 through 550 of the Bankruptcy Code or any similar provisions of state law, or any statute or legal theory. After reviewing its books and records, the Debtor believes that it has made no transfers and incurred no obligations within the relevant statutory periods, that were either outside the ordinary course of business, or subject to avoidance and recovery

under sections 544 through 550 of the Bankruptcy Code or any similar provisions of State law, or any statute or legal theory.