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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

MARCO POLO CAPITAL MARKETS, LLC,

Chapter 11
Case No. 12-14870(SCC)

Debtor.

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JOINT DISCLOSURE STATEMENT

I. INTRODUCTION

MARCO POLO CAPITAL MARKETS, LLC (the "Debtor"), upon the endorsement of THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS (the "Committee"), submits this Disclosure Statement pursuant to Section 1125(b) of Title 11, United States Code, 11 U.S.C. §§ et seq. (the "Bankruptcy Code") and Rule 3017 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), in connection with its Chapter 11 Liquidating Plan dated April __, 2017 (the "Plan") to all known holders of Claims against or Interests in the Debtor in order to adequately disclose information deemed to be material, important and necessary to make a reasonably informed judgment about the Plan, including, who is entitled to vote to accept or reject the Plan. 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.*

During the Debtor's Chapter 11 Case, the Debtor first engaged in an auction sale process by which it sold off its broker-dealer business which resulted in satisfaction of the secured claims of Lee Fensterstock in full. Since that time, the Debtor has commenced, inter alia, the Adversary Proceedings (as defined in the Plan) and has now obtained funding to prosecute the Adversary Proceedings which, if successful, will result in a distribution to all of the Debtor's creditors based upon a distribution agreement reached amongst the Lender, the Debtor and the Committee, and further described in the DIP Loan Term Sheet annexed to the Plan as Exhibit "A".

If the Plan is confirmed and the Litigation (as defined in the Plan) successful, Class 2 unsecured creditors could each receive up to approximately 50% on account of their Allowed Claims. However, if the Plan is not confirmed, it is likely there will be zero recovery to ANY creditors. THE DEBTOR AND THE COMMITTEE THEREFORE STRONGLY RECOMMEND ACCEPTANCE OF THE PLAN BY ALL CREDITORS.

Under Section 1126(b) of the Bankruptcy Code, only Classes[1] of Allowed Claims that are "impaired" under the Plan, as defined by Section 1124 of the Bankruptcy Code, are entitled to vote on the Plan. Generally, a Class is impaired if its legal, contractual or equitable rights are altered or reduced under the Plan. Under the Plan, Tax Priority Claims, Class 1 and Class 2 Claims are Impaired since there is no guaranty of 100% recovery to any of these Claims or classes and therefore each of these Claims/classes entitled to vote to accept or reject the Plan. To be accepted by a Class, the Plan must be accepted by more than one half in number and two-thirds in dollar amount of the Allowed Claims actually voting in such Class.

PURSUANT TO THE PLAN, IN THE EVENT THAT ANY SUCH CLAIM OR CLASS FAILS TO EITHER (A) VOTE TO REJECT THE PLAN OR (B) OBJECTION TO CONFIRMATION OF THE PLAN, SUCH CLAIMHOLDER OR CLASS SHALL BE DEEMED TO ACCEPT THE PLAN AND THE IMPAIRED TREATMENT PROVIDED THEREUNDER.

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 of the type you hold (*i.e.*, what you will receive on your claim if the plan is confirmed and your claim is "allowed" within the meaning of the Plan),
- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan,
- Why the Debtor believes the Plan is feasible, and how the treatment of your claim under the Plan compares to what you would receive on your claim in 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 **May 12, 2017 at 10:00 a.m. (Eastern Time),** before the Honorable Shelley C.

[1] Capitalized terms not defined herein have the same meaning ascribed to them in the Plan.

Chapman, U.S. Bankruptcy Judge, in Courtroom 623, at the United States Bankruptcy Court, Southern District of New York, One Bowling Green, New York, New York, New York 10004-1408.

2. Deadline For Voting to Accept or Reject the Plan

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

Your ballot must be received by **May 5, 2017 at 4:00 p.m. (Eastern Time)** or it will not be counted.

3. Deadline For Objecting to the Confirmation of the Plan

Objections to the confirmation of the Plan must be filed with the Court and served upon DelBello Donnellan Weingarten Wise & Wiederkehr, LLP, Counsel for the Debtor, One North Lexington Avenue, White Plains, New York 10601, Attn: Jonathan S. Pasternak, Esq. by **May 5, 2017 at 4:00 p.m. (Eastern Time).**

4. Identity of Person to Contact for More Information

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

C. Disclaimer

The Court has conditionally 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 approved the Disclosure Statement on a final basis or determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has conditionally 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 of the Debtor and Events Leading to Bankruptcy

Prior to the Chapter 11 Case, the Debtor owned and operated (a) a registered broker-dealer and (b) a technology support service company which services the largest financial institutions on Wall Street, Latin America, Europe, Asia and Africa. The Debtor has implemented a dedicated platform for trading to, from and between emerging markets. The platform provides connectivity and rich functionality including FIX translation, market data, risk controls and 24x 5 client support and monitoring.

The Debtor, through its predecessor and parent, Marco Polo Network Inc. ("MPNI"), built the first trading platform providing electronic access to emerging markets, and its first trading was in the first quarter of 2004. Over the eight years prior to the Chapter 11 Case, the Debtor implemented a global electronic trading platform which provided connections/access to 70+ countries and 100+ markets.

The Debtor operated key global data centers based in New York, London and Singapore, that were situated at the most significant concentrations of telecommunication providers, allowing for ease of connection and low latency for clients. These datacenters were all leading-edge facilities, certified to SAS70 or equivalent, and operated the Debtor's global routing

capabilities.

The Debtor operated a 24-hour support function, monitoring the global network and applications from 2 operations centers, in New York City and Bangalore. These 2 centers also had client teams that are familiar with the clients' trading styles, and were subject matter experts across the key exchanges supported at the time by the Debtor, assisting clients with issues that they may not otherwise be familiar with, and communicating with parties, when transactions flow across significant time zone differences.

MPNI first became capitalized in June 2003 by SDS Group, and various other financial investors in the amount of $995,000. Thereafter, through 2008, MPNI continued to be capitalized not only by various financial investors, but by strategic investors as well, including the New York Stock Exchange, for a total capitalization of $23,270,000.

In 2008, MPNI and the Debtor pursued a strategy of growth/funding via regional subsidiaries: Marco Polo Latin America, Marco Polo Asia, Marco Polo Africa and Marco Polo Europe. In 2009, the Debtor was capitalized by Goldman Sachs and Religare/Dion in an aggregate amount of $12,500,000. At this point, MPNI and the Debtor were in advanced conversations with institutional partners in each region positioning aggregate pre-money value of the parent company in excess of $350 million. In October 2010, the MPNI and the Debtor entered into a transaction for a substantial investment in its Latin American subsidiary.

However, the Debtor had problems with its Latin American business. The Debtor was also unsuccessful in raising capital on the combined brokerage and network story leaving the Debtor undercapitalized and resulting in a strategy to divest the network and focus on brokerage.

In or about May 2012, the Debtor retained Freeman & Co. as its investment broker for the purpose of selling the Debtor's assets, either in whole, or in part, including the Debtor's subsidiary securities broker dealer, Marco Polo Securities, Inc. ("MP Broker Dealer").

Together with officers of the Debtor, Freeman & Co. determined prospective target purchasers for MP Broker Dealer and thereafter engaged in communications with these prospective purchasers for either a capitalization of the Debtor, or a strategic sale of MP Broker Dealer. This protocol is customary and the business standard for marketing and sale of assets such as the Debtor's assets in that prospective purchasers are those individuals and companies that are already in the financial sector of the market.

These efforts resulted in over eighty (80) individuals and companies expressing an interest in MP Broker Dealer. Of these interested parties, twelve (12) companies expressed serious interest in proceeding with a strategic transaction which resulted in various negotiations.

These efforts resulted in the Debtor receiving an offer. The Debtor had been engaged in negotiations of the offer from the Purchaser. However, on December 13, 2012, a former employee obtained a judgment against the Debtor for a breach of contract and outstanding salary. The former employee's counsel sought to collect on the judgment by imposing, inter alia, a restraint on the Debtor's bank accounts. Because of this action and the fact that the Debtor was working with a prospective investor to restructure the business, the Debtor was advised to file for protection and reorganization under Chapter 11..

B. Significant Events During the Bankruptcy Case

On December 13, 2012, (the "Filing Date"), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. Thereafter the Debtor's proceeding was

referred to this Court for administration under the Bankruptcy Code. The Debtor has continued as a Debtor-in-Possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code.

An official committee of unsecured creditors (the "Committee") was appointed by the United States Trustee on February 1, 2013 and same is represented by the law firm of ASK, LLP ("ASK"). No trustee or examiner has been heretofore appointed in this proceeding.

Retention of Professionals

At the outset of this case the Debtor retained Rattet Pasternak, LLP ("RP") as its bankruptcy counsel to assist in the successful administration of the Debtor's bankruptcy case. The retention of RP was approved by an Order of the Bankruptcy Court dated January 18, 2013, *nunc pro tunc* as of the Petition Date. As RP ceased operations on December 31, 2012, the Debtor agreed to retain DelBello Donnellan Weingarten Wise & Wiederkehr, LLP ("DDW") as substitute counsel for the Debtor. DDW's retention was approved by an Order of the Bankruptcy Court dated January 16, 2013, *nunc pro tunc* as January 1, 2013. The Committee retained ASK as its counsel, which was approved by an Order of the Bankruptcy Court dated March 18, 2013, *nunc pro tunc* as of February 11, 2013.

1. First Day Motions

From the outset of the case, to ease the transition of the Debtor's operations into the bankruptcy proceeding, the Debtor filed certain motions (the "First Day Motions"):

- Motion To Approve Use of Cash Collateral;
- Motion To Authorize Payment of Pre-Petition Wages and Related Employee Benefits.

Cash Collateral/Employee Wages

Prior to the bankruptcy filing, the Debtor investigated the liens of the Debtor's pre-petition secured creditor Lee Fensterstock ("Fensterstock") to determined that pursuant to Section 363(c)(2) of the Bankruptcy Code, the Debtor would need either authorization of the Court or its secured creditor, Fensterstock, for permission to use cash collateral.

The Debtor was able to reach a consensual resolution with its secured creditor governing the use of cash collateral. On December 21, 2012, the Court entered an interim order authorizing use of cash collateral, and the Court ultimately entered a final order on January 16, 2013.

On December 21, 2012, the Bankruptcy Court also entered an interim order authorizing the Debtor to pay its employees certain pre-petition wages and benefits. The Court gave final authority for such request on January 16, 2013.

Schedules and Statement of Financial Affairs

On January 11, 2013, the Debtor filed its Schedules of Assets and Liabilities and Statements of Financial Affairs. Pursuant to an Order of the Bankruptcy Court dated March 5, 2013 (the "Bar Date Order"), the Court established **June 13, 2013** as the last date by which creditors may file proofs of claim in the Chapter 11 Case, except as otherwise provided in the

Bar Date Order. Pursuant to the Bar Date Order, notice of entry of the Bar Date Order was mailed, by first class mail, to all known creditors of the Debtor.

Pursuant to an order of the Bankruptcy Court dated December 30, 2013, the Administrative Claims Bar Date expired on February 10, 2014 and no Administrative Claims were filed.

341 Meeting

On January 23, 2013, the Debtor attended its Section 341(a) Meeting of Creditors. The Debtor also appeared at the initial case conference in this Bankruptcy proceeding before the Hon. Shelley C. Chapman at the United States Bankruptcy Courthouse on January 16, 2013 and has appeared, through counsel, at all continued case conferences as scheduled by the Bankruptcy Court.

Claims Analysis

The Debtor has reviewed all filed claims and believes there may be certain claims objections needed. The Debtor will file all claims objections within 60 days after the Effective Date of the Plan.

The Debtor currently estimates that all Priority Claims, including Priority Tax Claims, equal approximately $1,000,000 and general unsecured Claims aggregate approximately $4,750,000.

The Sale of the Broker Dealer

On February 20, 2013, the Debtor and Perseus Technology Holdings, Inc. (“Perseus”) entered into an Asset Purchase Agreement (the “Sale Agreement”) for the sale of the Debtor’s subsidiary broker dealer Marco Polo Securities as well as the Debtor’s global network and

technology support businesses pursuant to Section 363 of the Bankruptcy Code in the amount of $1.8 million (the "Sale"), subject to post-closing adjustments, which was approved by Order of this Court dated April 5, 2013.

At the June 28, 2013 closing, the Debtor (a) repaid the DIP Loan from Perseus of $300,000 (b) satisfied the secured claim of Fensterstock together with all accrued interest, costs and legal fees accrued on his claim, in the total aggregate amount of approximately $700,000, (c) realized the net sum of $96,997.53, and (d) established the Subsidiary Net Worth Holdback (as defined in the Perseus purchase agreement) in the amount of $790,418.30.

After extensive reconciliation and negotiation, the Debtor's estate realized $135,632.78 of the Subsidiary Net Worth.

After payment of various Professionals' fees and expenses pursuant to first, second and third interim applications and orders of the Court, the estate currently has on hand the sum of $64,529.93[5].

Prosecution of Estate Causes of Action; The Adversary Proceedings and the Litigation

In 2015, the Debtor commenced an Adversary Proceeding against SR Labs (Adv. Pro No. 15-1105, which ultimately resulted in a settlement to the Debtor's estate in the amount of $50,000.

The Debtor in 2015 also commenced an action against Marco Polo Capital Markets Latin America, S.A. and Americas Trading Group (Adv. Pro. 15-1094, the "ATG Adversary").

On April 7, 2017, the Debtor commenced an action against various other parties (Adv. Pro. No. 17-01051; together with the ATG Adversary, the "Adversary Proceedings").

The Adversary Proceedings seek millions of dollars in damages arising out of, inter alia, the Debtor's pre-petition business in Latin America described in part above.

The Adversary Proceedings are extremely complex, fact intensive and carry significant risks in terms of success and ultimate recovery. Moreover, it is likely that additional actions may need to be commenced either in the Bankruptcy Court or abroad (the "Additional Actions; collectively, with the Adversary Proceedings, the "Litigation").

The Litigation requires significant funding for legal fees and related litigation expenses and support. Without a commitment of funds or financing, it was very likely that the Debtor would not have the wherewithal to prosecute the Litigation, resulting in no potential recovery to the creditors of the Debtor's estate.

After exhaustively looking for alternative sources of funding for the Litigation, the Debtor was only able to obtain a commitment from the Lender. The Lender is owned in part by various members of MPNI, the Debtor's parent, including Vinode Ramgopal.

The DIP Loan Term Sheet

After considerable negotiation between the Lender, the Debtor and the Committee, the parties agreed on a final form of the DIP Loan Term Sheet, a copy of which is annexed to the Plan as Exhibit "A and specifically incorporated therein and made a part thereof.6

5 This net amount includes the $50,000 SR Labs settlement proceeds, discussed *infra*
6 In the event of any inconsistency, the terms of the DIP Loan Term Sheet shall control.

The DIP Loan Term Sheet provides, in pertinent part, as follows:

Initial Loan Facility: Up to $750,000 for sole purpose of funding professional and consulting fees, costs and expenses of the Litigation.

Interest Rate: 15% per annum on amounts actually advanced. Interest to accrue and not payable until a Gross Recovery (as defined in the DIP Loan Term Sheet) is achieved.

Additional Consideration: Lender to receive no less than 35% of the Net Recovery (as defined in the DIP Loan Term Sheet).

Recovery to Debtor's Estate: Out of 65% of the initial Net Recovery up to the capped sum of $1,500,000 and 40% of any additional Net Recovery up to the capped sum of $2,200,000.

DIP Loan Subject to Confirmation of the Plan. The DIP Loan will not be effectuated, and the Litigation therefore unlikely to be pursued, absent confirmation of the Plan.

ACCORDINGLY, THE DEBTOR AND THE COMMITTEE STRONGLY SUPPORT CONFIRMATION OF THE PLAN AND ENCOURAGE ALL CREDITORS TO VOTE IN FAVOR FO THE PLAN.

III. THE PLAN OF REORGANIZATION

The following is a brief summary of the Plan. The Plan represents a proposed legally binding agreement and creditors are urged to consult with their counsel in order to fully understand the Plan and to make an intelligent judgment concerning it. The Plan governs over any discrepancy in this summary.

As required by the Bankruptcy Code, the Plan places claim in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims

is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

A. Treatment of Unclassified Claims Under the Plan

Certain types of claims are automatically entitled to specific treatment under the Bankruptcy 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 Bankruptcy Code. As such, the Debtor has *not* placed the following claims in any class:

1. Allowed Administrative Claims other than Claims of Professionals

Administrative expenses are costs or expenses of administration in connection with the Chapter 11 Case, including, without limitation, any actual, necessary costs and expenses of preserving the Debtor's estate, and all fees and charges assessed against the Debtor's estate pursuant to 28 U.S.C. section 1930. The term Administrative Claim does not include Fee Claims and quarterly fees owed to the Office of the U.S. Trustee, which are treated separately in this Plan. These Allowed Claims shall be paid in Cash on the later of the Effective Date or the Plan Distribution Closing Date, or as soon as is practicable thereafter. Pursuant to an order of the Bankruptcy Court dated December 30, 2013, the Administrative Claims Bar Date expired on February 10, 2014 and no Administrative Claims were filed other than the Administrative Claim of the IRS for $190,000 and NYS Department of Taxation and Finance for $67,000. The Debtor estimates that the Allowed Administrative Claims other than Claims of Professionals outstanding on the Effective Date are $257,000.

2. *Allowed Administrative Claims of Professionals*

These are Claims by any Professionals for compensation for legal and other services and reimbursement of expenses allowed or awarded under Bankruptcy Code sections 327, 328, 330(a), 331, 503(b) and/or 1103. The Debtor currently has three (3) Professionals whose employment has been approved by the Bankruptcy Court; (i) RP, the Debtor's former bankruptcy counsel, (ii) DDW, Debtor's current bankruptcy counsel, and (iii) ASK, LLP, counsel to the Committee (collectively, the "Professionals"). The Allowed Administrative Claims of the Professionals shall be paid in full, in Cash, upon the later of (i) allowance by the Court pursuant to 11 U.S.C. § 330, (ii) the Effective Date, or (iii) the Plan Distribution Date. The Debtor estimates that the total net unpaid Allowed Professionals claims on the Effective Date will total approximately $200,000, representing net unpaid professional fees incurred through the Effective Date.

2. United States Trustee's Fees

These are claims for United States Trustee statutory fees arising under 28 U.S.C. § 1930 and 31 U.S.C. §3717. The Debtor shall pay outstanding United States Trustee statutory fees in full, in Cash, on the later of the Effective Date or the Sale Closing Date, or as soon as is practicable thereafter. Thereafter, such fees shall be paid in full, in Cash, in such amount as incurred in the ordinary course of business by the Debtor from the Post-Confirmation Reserve. The Debtor shall be responsible to effectuate payment of United States Trustee quarterly fees through the entry of a final decree closing the Chapter 11 Case. The Debtor is current with the payment of US Trustee fees as of the date hereof.

3. *Allowed Secured/Priority Tax Claims*

Secured/Priority tax claims are income, employment, sales, and other taxes described by §507(a)(8) of the Bankruptcy Code. The Debtor shall pay up to 100% of the Allowed Priority Tax Claims from the Plan Distribution Funds, to the extent funds are available after the payment in full of all Allowed Administrative, Professional and Class 1 Claims, on the later of the Effective Date or the Plan Distribution Date, or as soon as is practicable thereafter. The Debtor estimates these Claims to total approximately $510,000.

B. Classes of Claims

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

1. Class 1: Allowed Non-Tax Priority Claims

Class 1 consists of the holders of Allowed Class 1 Non-Tax Priority Claims. The Debtor shall pay to each holder of Class 1 Non-Tax Priority Claims up to 100% of its Allowed Claim in full and in Cash on the later of the Effective Date or the Plan Distribution Date from the Plan Distribution Fund to the extent that funds are available after payment in full of Allowed Administrative and Professional Claims, in full and final satisfaction of such Claims. The Debtor estimates these Claims to total approximately $325,000. Class 1 Claims are impaired under the Plan and are entitled vote in favor of the Plan.

2. Class 2: General Unsecured Claims

General Unsecured Claims are Claims which are not an Administrative Claim, Secured Claim, Priority Claim, or Interest that arose prior to the Petition Date.

The Debtor shall pay to holders of Class 2 General Unsecured Claims the balance of the Plan Distribution Fund within thirty (30) days of the later of the Effective Date or the Plan Distribution Date from the Plan Distribution Fund, to the extent that funds are available after payment in full of all Allowed unclassified and Class 1 Claims, in full and final satisfaction of such Class 2 Claims. Class 2 claimholders shall share in the distribution on a Pro Rata basis.

The Debtor estimates these Claims to total $4,750,000. Class 3 Claims are Impaired under the Plan and are allowed to vote on the Plan. Upon a best-case recovery under the Litigation, in accordance with the DIP Loan Term Sheet, Class 2 claimholders could each receive up to a maximum distribution of approximately 50%. Class 2 Claims are Impaired under the Plan and are allowed to vote on the Plan.

3. Class 3: Interests

Class 3 consists of the holders of Interests in the Debtor. Class 3 Interests are held by MPNI. The Interest holder shall receive no distribution under this Plan. Class 4 Interests are Impaired under the Plan and are deemed to reject the Plan.

C. Resolution of Disputed Claims & Reserves

1. Objections.

An objection to the allowance of a Claim shall be in writing and may be filed with the Bankruptcy Court by the Debtor or any other party in interest no later than thirty (30) days after the Effective Date.

2. Amendment of Claims.

A Claim may be amended only up to seven (7) days prior to the Effective Date, unless agreed upon by the Debtor and the holder of such Claim and as approved by the Bankruptcy Court or as otherwise permitted by the Bankruptcy Code and Bankruptcy Rules.

3. Reserve for Disputed Claims.

In the event that a Disputed Claim is not resolved by the Effective Date and the Disbursing Agent decides, in its discretion, to effectuate distributions to holders of Allowed Claims in the same or junior Classes to the Disputed Claim, the Disbursing Agent shall, to the extent that sufficient funds are available in the Distribution Fund, reserve, on account of each holder of a Disputed Claim, that property which would otherwise be distributable to the holder on such date were the Disputed Claim at issue an Allowed Claim, or such other property as the holder of the Disputed Claim at issue and the Debtor may agree upon. The property so reserved for the holder, to the extent that the Disputed Claim is Allowed, and only after the Disputed Claim becomes a subsequently Allowed Claim, shall thereafter be distributed to such holder as provided below.

4. Claims Procedures Not Exclusive.

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

D. Plan Funding and Means of Implementing the Plan

1. Plan Funding.

The Plan shall be funded with the Plan Distribution Proceeds, the source of which is the Debtor's share of the Net Recovery from the Litigation. The Plan Distribution Fund shall be held pursuant to Section 345 of the Bankruptcy Code and ultimately distributed by DelBello Donnellan Weingarten Wise & Wiederkehr, LLP (the "Disbursing Agent") in accordance with the terms of the Plan. The Cash required to be distributed to holders of Allowed Claims under the Plan shall be distributed by the Disbursing Agent on the later of the following dates: (i) on, or shortly after, the later of the Effective Date or the Plan Distribution Date to the extent the Claim has been Allowed or (ii) to the extent that a Claim becomes an Allowed Claim after the later of the Effective Date or the Plan Distribution Date, within ten (10) days after the order allowing such Claim becomes a Final Order.

2. Means for Implementation.

The Debtor and the Committee have accepted the DIP Loan Term Sheet, and upon Confirmation, the Debtor and its professionals will prosecute the Litigation in accordance with the terms of the DIP Loan Term Sheet.

CREDITORS SHOULD TAKE NOTICE THAT THE RESULTS OF THE LITIGATION ARE UNKNOWN AND ARE SUBJECT TO MULTIPLE AND VARYING RISK FACTORS. AS A RESULT, IT IS IMPOSSIBLE TO GUARANTY OR PREDICT ANY RESULTS OR RECOVERIES FORM THE LITIGATION.

IN ADDITION, AS A RESULT OF THE SERIOUS RISK ON NONPAYMENT OR DEFAULT BEING BORNE BY THE LENDER IN MAKING THE DIP LOAN, THE LENDER

IS UNWILLING TO MAKE THE DIP LOAN ON ANY LESSER TERMS. THE DEBTOR AND THE COMMITTEE THEREFORE BELIEVES THAT THE DIP LOAN IS IN THE BEST INTEREST OF CREDITORS AND REPRESENTS THE BEST AND MOST LIKELY POSSIBILITY OF ANY RECOVERY FOR THE ESTATE.

3. Post-Confirmation Management of the Debtor.

Hugh Blakeway Webb shall continue as CEO of the Debtor post-Confirmation and shall assist and consult for the Estate in the Prosecution. Mr. Webb shall receive a monthly consulting fee in the amount of $5,000.

E. Executory Contracts and Leases

The Debtor does not believe there are any executory contracts that require assumption or rejection.

F. Tax Consequence of the Plan

Creditors Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, and/or Advisors.

Confirmation may have federal income tax consequences for the Debtor and Creditors. The Debtor has not obtained, and does not intend to request, a ruling from the Internal Revenue Service (the "IRS"), nor has the Debtor obtained an opinion of counsel with respect to any tax matters. Any federal income tax matters raised by confirmation of the Plan are governed by the Internal Revenue Code and the regulations promulgated thereunder. Creditors are urged to consult their own counsel and tax advisors as to the consequences to them, under federal and applicable state, local and foreign tax laws, of the Plan. The following is intended to be a summary only and not a substitute for careful tax planning with a tax professional. The federal,

state and local tax consequences of the Plan may be complex in some circumstances and, in some cases, uncertain. Accordingly, each holder of a Claim is strongly urged to consult with his or her own tax advisor regarding the federal, state and local tax consequences of the Plan, including but not limited to the receipt of cash and/or stock under this Plan.

1. Tax Consequences to the Debtor

The Debtor may not recognize income as a result of the discharge of debt pursuant to the Plan because Section 108 of the Internal Revenue Code provides that taxpayers in bankruptcy proceedings do not recognize income from discharge of indebtedness. However, a taxpayer is required to reduce its "tax attributes" by the amount of the debt discharged. Tax attributes are reduced in the following order: (i) net operating losses; (ii) general business credits; (iii) capital loss carryovers; (iv) basis in assets; (v) passive activity loss and credit carryovers; and (vi) foreign tax credit carryovers.

2. Tax Consequences to Unsecured Creditors

An unsecured creditor that receives cash in satisfaction of its Claim may recognize gain or loss, with respect to the principal amount of its Claim, equal to the difference between (i) the creditor's basis in the Claim (other than the portion of the Claim, if any, attributable to accrued interest), and (ii) the balance of the cash received after any allocation to accrued interest. The character of the gain or loss as capital gain or loss, or ordinary income or loss, will generally be determined by whether the Claim is a capital asset in the creditor's hands. A creditor may also recognize income or loss in respect of consideration received for accrued interest on the Claim. The income or loss will generally be ordinary, regardless of whether the creditor's Claim is a capital asset in its hands.

G. Avoidance and Recovery Actions

The Debtor does not believe there are any Avoidance Actions that should be pursued.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Bankruptcy 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 at least as much as the creditor would receive in a chapter 7 liquidation case, unless the creditor 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 has a right to vote for or against the Plan only if that creditor has a claim that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Debtor believes that, due to the risk of lesser than 100% payment to each creditor and/or Class, all unclassified and classified creditors are impaired under the Plan and that the holder of these Claims are entitled to either object and/or vote to accept or reject the Plan, as applicable and in accordance with the foregoing.

1. What Is an Allowed Claim?

Only a creditor with an allowed claim has the right to vote on the Plan. Generally, a claim 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, unless an objection has been filed to such proof of claim. When a claim is not allowed, the creditor holding the claim cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a pre-petition proof of claim in this case was April 18, 2013. The deadline for filing a post-petition proof of claim in this case was February 10, 2014.

2. What Is an Impaired Claim?

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

Since Class 1 and 2 Claims are either not guaranteed or provided under the Plan to receive 100%, as applicable, Class 1 and Claims are Impaired under the Plan and entitled to vote.

Each Holder of a Claim in Classes 1 and 2 has been sent a ballot together with this Disclosure Statement. The ballot is to be used for voting to accept or reject the Plan.

The Bankruptcy Court has directed that, to be counted for voting purposes, ballots for the acceptance or rejection of the Plan must be mailed or delivered by hand or courier so that they

are ACTUALLY RECEIVED no later than 4:00 p.m. (Eastern Standard Time) on May 5, 2017 at the following address:

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

Each Holder of an Allowed Claims in Class 3 shall be entitled to vote to accept or reject the Plan as provided for in the order approving the Disclosure Statement. A vote may be disregarded if the Bankruptcy Court determines that such vote was not solicited or procured in good faith and in accordance with the Bankruptcy Code.

If you are entitled to vote on the Plan, and you fail to vote to reject the Plan, then you are deemed to have consented to the impaired treatment of your Claim as provided in the Plan.

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

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

- holders of claims that have been disallowed by an order of the Court;
- holders of other claims that are not "allowed claims" (as discussed above), unless they have been "allowed" for voting purposes;
- holders of claims in unimpaired classes;
- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Bankruptcy Code; 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. If you are not entitled to vote on the Plan, and you fail to object to the Plan, then you are deemed to have consented to the impaired treatment of your Claim as provided in the Plan.

4. Who Can Vote in More Than One Class

A creditor whose claim has been allowed in part as a Class 1 Priority Claim and in part as a Class 2 Unsecured Claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

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.

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.

C. Feasibility and Best Interests Test

The Bankruptcy Code requires that in order to confirm the Plan, the Bankruptcy Court must find that confirmation of the Plan is not likely to be followed by liquidation or the need for further financial reorganization of the Debtor (the "Feasibility Test").

For a plan to meet the Feasibility Test, the Bankruptcy Court must find that the Debtor will possess the resources to meet its obligations under the Plan. Since the Plan contemplates a liquidation of the Debtor's assets, Confirmation of the Plan is not likely to be followed by the

need for further financial reorganization of the Debtor or any successor to the Debtor under the Plan.

In addition, the Bankruptcy Court must determine that the values of the distributions to be made under the Plan to each Class will equal or exceed the values which would be allocated to such Class in a liquidation under Chapter 7 of the Bankruptcy Code (the "Best Interest Test").

The Best Interest Test with respect to each impaired Class requires that each holder of a Claim or Interest in such Class either (i) accept the Plan or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code. Because the Debtor has proposed a liquidating Plan which distributes all proceeds thereof to holders of Allowed Claims in order of priority, no scenario exists, including but not limited to Chapter 7 liquidation, under which the creditors would be entitled to receive a distribution greater than that which the Debtor has proposed in its Plan. In fact, were the Debtor's assets liquidated in a Chapter 7 case, the creditors of the estate would stand to receive far less as the Administrative costs associated with such a case would be significantly higher.

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

D. Notices

All notices and correspondence should be forwarded in writing to:

If to the Debtor:

DelBello Donnellan Weingarten Wise & Wiederkehr, LLP
One North Lexington Avenue
White Plains, New York 10601
Attn: Jonathan S. Pasternak, Esq.

If to the Committee:

ASK, LLP
151 West 46th Street, 4th Floor
New York, NY 10036

V. EFFECT OF CONFIRMATION OF PLAN

A. Discharge of Debtor

Since the Plan provides for a liquidation of the Debtor's assets, the Confirmation Order shall not operate as a discharge pursuant to Section 1141(d)(1) of the Bankruptcy Code.

1. Exculpation.

Neither the Debtor, the Lender, the Committee nor any of its respective members, shareholders, officers, directors, employees, attorneys, advisors, agents, representatives and assigns (the "Released Parties") shall have or incur any liability to any entity for any action taken or omitted to be taken in connection with or related to the formulation, preparation, dissemination, Confirmation or consummation of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into, or any other action taken or omitted to be taken in connection with the chapter 11 case or the Plan

and any related agreement except for bad faith, willful misconduct, gross negligence, breach of fiduciary duty, malpractice, fraud, criminal conduct, unauthorized use of confidential information that causes damages, and/or ultra vires acts. Notwithstanding any other provision hereof, nothing in Sections 11.2 or 11.3 of the Plan shall (a) effect a release of any claim by the United States Government or any of its agencies or any state and local authority whatsoever, including, without limitation, any claim arising under the Internal Revenue Code, New York State Tax Law, the environmental laws or any criminal laws of the United States or any state and local authority against the Released Parties, nor shall anything in Sections 11.2 or 11.3 of the Plan enjoin the United States or any state or local authority from bringing any claim, suit, action or other proceedings against any of the Released Parties referred to herein for any liability whatever, including, without limitation, any claim, suit or action arising under the Internal Revenue Code, New York State Tax Law, the environmental laws or any criminal laws of the United States or any state and local authority, nor shall anything in this Plan exculpate any party from any liability to the United States Government or any of its agencies or any state and local authority whatsoever, including liabilities arising under the Internal Revenue Code, New York State Tax Law, the environmental laws or any criminal laws of the United States or any state and local authority against the Parties referred to herein, or (b) limit the liability of the Debtor's professionals to the Debtor for malpractice pursuant to Rule 1.8(h)(1) of the New York Rules of Professional Conduct.

2. Plan Injunction

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

(i) Commencing, conducting or continuing in any manner, directly or indirectly, any suit, action, arbitration, or other proceeding of any kind against the Debtor or the assets of the Debtor regarding the Claims or Interests;

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

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

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

(v) Proceeding in any manner and any place whatsoever that does not conform to or comply with the provisions of the Plan.

3. *Full and Final Satisfaction*

To the fullest extent permitted by Section 1141(a)-(c) of the Bankruptcy Code, all payments and all distributions pursuant to the Plan, shall be in full and final satisfaction,

settlement and release of all Claims and Interests, except as otherwise provided in the Plan. Nevertheless, under Section 1141(d) of the Bankruptcy Code, the Debtor will not receive a discharge because the Plan is a liquidating plan.

B. Amendment, Modification, Withdrawal or Revocation of the Plan.

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

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

No material modifications shall be made to the Plan post-Confirmation absent notice and a hearing.

C. Unclaimed Property

Except as otherwise provided herein, in the event any claimant fails to claim any distribution within four (4) months from the date of such distribution, such claimant shall forfeit all rights thereto and to any and all future payments, and thereafter the Claim for which such cash was distributed shall be treated as a disallowed Claim. Distributions to claimants entitled thereto shall be sent to their last known address set forth on the most recent proof of claim filed with the Bankruptcy Court or, if no proof of claim is filed, on the Schedules filed by the Debtor or to such other address as may be later designated by a creditor in writing to the Disbursing Agent. The Debtor shall use its best efforts to obtain current addresses for all claimants. All

unclaimed cash shall be redistributed by the Debtor pro rata to Class 2 claimholders holders in accordance with Article III of the Plan.

D. Retention of Jurisdiction

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

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

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

(c) To determine any and all applications, adversary proceedings, and contested or litigated matters over which the Bankruptcy Court has subject matter jurisdiction pursuant to 28 U.S.C Sections 157 and 1334;

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

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

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

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

(h) To determine and adjudicate the Adversary Proceedings and the Litigation, as applicable, including any causes of action that arise under, inter alia, section 542 of the Bankruptcy Code; and

(i) To enter a final decree closing the Chapter 11 Case.

E. Post-Confirmation Fees, Reserves and Final Decree

The reasonable compensation and out-of-pocket expenses incurred post-Confirmation by the Debtor's professionals retained in the Chapter 11 case shall be paid by the Disbursing Agent within ten (10) days upon presentation of invoices for such professional services, to the extent that funds are available. All disputes concerning post-confirmation fees and expenses shall be subject to Bankruptcy Court jurisdiction.

The Debtor shall file a closing report with the Bankruptcy Court within 14 days after the Estate is fully administered. A final decree shall be entered as soon as practicable after initial distributions have commenced under the Plan.

F. Continuation of Bankruptcy Stays

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

VI. RECOMMENDATION

The Debtor and the Committee believe that confirmation of the Plan is preferable to any of the alternatives described above. The Plan will provide greater recoveries than those available in liquidation to all holders of Claims. Any other alternative would likely result in no distribution to any creditors.

Dated: New York, New York
April 10, 2017

MARCO POLO CAPITAL MARKETS, LLC.

By: *Hugh Blakeway Webb*
Hugh Blakeway Webb, CEO

DELBELLO DONNELLAN WEINGARTEN
WISE & WIEDERKEHR, LLP
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(914) 681-0200

By: */s/ Jonathan S. Pasternak*
Jonathan S. Pasternak

AS TO ENDORSEMENT OF THE PLAN ONLY:

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By:*/s/ Edward E. Neiger*
Edward E. Neiger