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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

IMPORTANT PROPERTIES, LLC,

Chapter 11
Case No. 15-22123(RDD)

Debtor.

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FIRST AMENDED DISCLOSURE STATEMENT

I. INTRODUCTION

IMPORTANT PROPERTIES, LLC (the “Debtor”) submits this First Amended 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 First Amended Chapter 11 Liquidating Plan dated October 4, 2016 (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 engaged in an auction sale process by which it is selling its real property and lease with its tenant to 32 North Realty, LLC, the Debtor's secured creditor and whose principal is also the principal of the tenant. The purchase price is \$6,500,000. This purchase price, together with the Debtor's Cash on hand, is expected to yield a 100% recovery to all Allowed unclassified and classified creditors with a return to equity.

The auction was held on September 28, 2016 and the results approved at a hearing before the Court on September 29, 2016.

Under Section 1126(b) of the Bankruptcy Code, only Classes¹ 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, only Class 3 is Impaired and therefore 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.

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

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 November 7, 2016 at 10:00 a.m., before the Honorable Robert D. Drain, U.S. Bankruptcy Judge, in Courtroom 118, at the United States Bankruptcy Court, Southern District of New York, 300 Quarropas Street, White Plains, New York, New York 10601.

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, Counsel 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 **October 31, 2016 at 5:00 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 **October 31, 2016 at 5:00 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. or Erica F. Aisner, Esq. (914) 681-0200.

C. Disclaimer

The Court has approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted.

II. BACKGROUND

A. Description of the Debtor and Events Leading to Bankruptcy

The Debtor owns a commercial property located at 8 Industrial Avenue, New Rochelle, New York (the “Property”). The Property consists of a commercially zoned building currently occupied by Peter Friend Motorcycles, LLC (the “Tenant”). The Tenant has recently entered into a “triple net” 5 year lease with the Debtor as landlord, with three (3) five (5) year extension options thereon (the “Lease”).

The first mortgage on the Property is held by an affiliate of the Tenant known as 32 North Street Realty, LLC, also the Purchaser under the Plan.

Pursuant to Stipulation and Order entered by this Court on December 23, 2015, the secured claim of the Purchaser was fixed at the Allowed amount, as of the Petition Date, of \$6,600,000.

Since the Purchaser has continuously received monthly adequate protection payments substantially equal to contract rate debt service, Purchaser is believed to be currently owed no more than \$6,600,000.

Upon information and belief, the real estate taxes on the Property are current, and there are no other secured claims or encumbrances claimed or asserted against the Property or the Debtor.

B. Significant Events During the Bankruptcy Case

On January 28, 2015 (the “Petition Date”), the Debtor filed a voluntary petition under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (White Plains Division) and continued in possession of its property and management of its affairs as a debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

Retention of Professionals

At the outset of this case the Debtor retained DelBello Donnellan Weingarten Wise & Wiederkehr, LLP as its bankruptcy counsel to assist in the successful administration of the Debtor’s bankruptcy case. The retention of DelBello Donnellan Weingarten Wise & Wiederkehr, LLP was approved by an Order of the Bankruptcy Court dated February 19, 2015, *nunc pro tunc* as of the Petition Date. Additionally, the Debtor retained Klinger & Klinger, LLP as its accountant, which was approved by an Order of the Bankruptcy Court dated March 17, 2015, *nunc pro tunc* as of the Petition Date.

Lastly, to assist with the Sale, the Debtor first sought to obtain Keller Williams as real estate broker, whose retention was approved by the Court on June 16, 2015. Upon expiration of the brokerage agreement on December 31, 2015, the Debtor decided not to re-hire Keller Williams and instead sought to retain AuctionAdvisors LLC as auctioneer in connection with the Sale, which was approved by an Order of the Bankruptcy Court dated February 11, 2016.

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;
- Application to Employ DelBello Donnellan Weingarten Wise & Wiederkehr, LLP as Attorneys for the Debtor.

Cash Collateral and Receiver Turnover Stipulation

Prior to the bankruptcy filing, the Debtor investigated the liens of the Debtor's secured creditor to determine that pursuant to Sections 363 and 362 of the Bankruptcy Code, the Debtor would need either authorization of the Court or its secured creditor, 32 North Street Realty, LLC, for permission to use cash collateral. The debtor also desired to have the pre-petition receiver removed from possession.

The Debtor was able to reach a consensual resolution with its secured creditor governing (a) the use of cash collateral and (b) the removal of the receiver. On April 3, 2015, the Bankruptcy Court entered a stipulation between the parties, which provided for the making of adequate protection payments to the secured creditor in the monthly amount of approximately \$38,000 from the rents being collected from the Tenant and turnover from the receiver of \$387,000 to the debtor's estate from previously collected rents. These funds are currently being held in escrow with Debtor's counsel and will be used to partially fund the Plan.

Schedules and Statement of Financial Affairs

On January 30, 2015, the Debtor filed its Schedules of Assets and Liabilities and Statements of Financial Affairs. Pursuant to an Order of the Bankruptcy Court dated March 30,

2015 (the “Bar Date Order”), the Court established May 5, 2015 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.

341 Meeting

On March 18, 2015 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. Robert D. Drain at the United States Bankruptcy Courthouse on March 31, 2015 and has appeared, through counsel, at all continued case conferences as scheduled by the Bankruptcy Court.

Resolution of Disputed Claims

The Debtor has resolved and fixed all claims in the Chapter 11 Case without the need for litigation.

Significantly, the Debtor and 32 North Street Realty, LLC settled and fixed its allowed claim at \$6,600,000 pursuant to stipulation and order entered by the Court on December 23, 2015. As a result of the \$6,500,000 purchase price obtained from the Purchaser, 32 North Street Realty has a \$100,000 deficiency/Unsecured Claim in the Chapter 11 Case.

The Debtor has also been successful in reducing the largest unsecured claim held by Ann Torelli, initially to \$50,000 pursuant to stipulation and order entered by the Court on February 16, 2016 and recently reduced further to \$25,000 pursuant to stipulation dated September 15, 2016.

The Debtor believes there are no other pre-Petition Date Allowed Claims against the Debtor.

The Sale of the Property

During its Chapter 11 Case, the Debtor hired first Keller Williams and then Auction Advisors to market the Property for sale. In addition, the Debtor, during the course of the Chapter 11 case, attempted to negotiate a sale to the Tenant.

The Property has been extensively marketed over the past several years in various fashions and by several different real estate professionals. These marketing campaigns have been conducted both prior to the Petition Date and since.

Although the Debtor had previously received several informal offers to purchase the Property, due to the short term nature of the prior lease with the Tenant, i.e., a series of 2 year leases with the renewal being at the sole option of the Tenant, the offers received by the Debtor were far below what the Debtor believed the Property to be worth.

After extensive negotiations between counsel for both the Debtor and the Tenant, the Debtor successfully procured, and the Court approved pursuant to order dated May 23, 2016, a new 5 year, "triple net" lease with the Tenant with 3 -5 year renewal options, which both the Debtor and its professionals believed would result in a much higher and better sale price for the Property..

In order expeditiously bring the Chapter 11 Case to a close and obtain the highest and best price for the Property, Debtor's counsel began negotiating with the Purchaser's counsel in connection with, *inter alia*, a consensual liquidating plan based upon a marketing and auction

sale process for the Property. To that end, the parties negotiated a scenario whereby the Purchaser would act as a stalking horse, which will set a “floor” in such amount that will permit, even if the Debtor were to receive no higher bids, confirmation of a liquidating plan that will result in a 100% distribution to all allowed creditors.²

The Purchase and Sale Agreement

On July 6, 2016, after arms-length negotiations, the Debtor and the Purchaser executed a Purchase and Sale Agreement for the purchase price of \$6,500,000, subject to higher and better offers to be procured at auction.

On August 25, 2016, the Court entered an order approving, among other things, bidding procedures, expense reimbursement, the form and manner of the sale notice, the scheduling of an auction and sale hearing, the scheduling of certain deadlines, and the procedures for determining cure costs [Docket No. 56].

The bidding deadline was September 23, 2016 and the auction was held on September 28, 2016. No other bidders made qualified offers, resulting in the Purchaser being deemed the successful purchaser. The Court approved the sale to the Purchaser at a hearing held on September 29, 2016. The sale proceeds, together with the receiver funds described above and currently held in escrow, and any proceeds from Causes of Action, shall be the sources of the Plan Distribution Fund.

² As the auction sale only resulted in the \$6,500,000 credit bid of Purchaser, after the closing on the sale of the Property, there would remain outstanding a \$100,000 Unsecured Claim in favor of the Purchaser. The unsecured claims in the estate are \$25,000. The Debtor’s counsel is currently holding approximately \$387,000 in escrow funds which were turned over by the pre-petition State Court receiver. Accordingly, there are sufficient funds in the estate to, inter alia, fund the Plan with 100% distribution to all Allowed creditors.

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 Sale Closing Date, or as soon as is practicable thereafter. The Debtor estimates that the Allowed Administrative Claims other than Claims of Professionals outstanding on the Effective Date are \$0.

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 has three (3) Professionals whose employment has been approved by the Bankruptcy Court; (i) the Debtor's current bankruptcy counsel, DelBello Donnellan Weingarten Wise & Wiederkehr, LLP ("DDWWW"), (ii) Klinger & Klinger, LLP, the Debtor's accountants, and (iii) Auction Advisors as auctioneer to the (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 Sale Closing Date. The Debtor estimates that the total net unpaid Allowed Professionals claims on the Effective Date total approximately \$145,000⁶, representing net unpaid professional fees incurred through the Effective Date.

3. 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

⁶ This figure represents net fees and expenses to be owed *after* anticipated voluntary reductions from each of the Professionals.

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 estimates these Claims to total approximately \$13,650.

4. Allowed Priority Tax Claims

Priority tax claims are unsecured income, employment, sales, and other taxes described by §507(a)(8) of the Bankruptcy Code. The Debtor shall pay all Allowed Priority Tax claims in full, in Cash, on the later of the Effective Date or the Sale Closing Date, or as soon as is practicable thereafter. The Debtor estimates these Claims to total approximately \$0.

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 the amount of its Allowed Claim in full and in Cash on the later of the Effective Date or the Sale Closing Date from the Plan Distribution Fund, in full and final satisfaction of such Claims. The Debtor estimates these Claims to total approximately \$0.00. Class 1 Claims are unimpaired under the Plan and are deemed to vote in favor of the Plan.

2. Class 2: Allowed Secured Claim of 32 North Street Realty, LLC

Class 2 consists of the Allowed Secured Claim of 32 North Street Realty, LLC in the amount of \$6,600,000. The Class 2 Claim shall be paid in full, in Cash, in part from the Sale Proceeds and, to the extent necessary, from the Plan Distribution Fund. Class 2 Claims are not Impaired and are deemed to accept the Plan.

3. Class 3: 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 holder of Class 3 General Unsecured Claims up to 100% of the amount of their Allowed Claim in full, without interest, and in Cash within thirty (30) days of the later of the Effective Date or the Sale Closing Date from the Plan Distribution Fund, after distribution to all unclassified, Administrative, Class 1 and 2 Claims and the Post-Confirmation Reserve, in full and final satisfaction of its Claims as against the Debtor. To the extent that there are insufficient monies in the Plan Distribution Fund to effectuate a 100% distribution to Class 3 Claims on account of their Allowed Claims, holders of Class 3 Claims shall share in the distribution on a Pro Rata basis. The Debtor estimates these Claims to total \$25,000. Class 3 Claims are Impaired under the Plan and are allowed to vote on the Plan.

4. Class 4: Interests

Class 4 consists of the holders of Interests in the Debtor. Class 4 Interests are held 90% by Denise Meskunas and 10% by John A. Meskunas. Class 4 Interests shall receive, on a Pro Rata basis, the balance, if any, of the Plan Distribution Fund, after distribution in full to all

unclassified, Administrative, Class 1, Class 2 and Class 3 Claims and the Post-Confirmation Reserve. Class 4 Interests are unimpaired under the Plan and are not entitled to vote under 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 Sale Proceeds, which shall be the primary source, as well as Cash on hand in the Debtor's estate in the amount of \$387,365.60, currently being held in escrow by counsel for the Debtor. Such assets shall constitute the Plan Distribution Fund, which 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 Sale Closing 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 Sale Closing Date, within ten (10) days after the order allowing such Claim becomes a Final Order.

2. *Means for Implementation.*

The Debtor has entered into a Purchase and Sale Agreement (“APA”) for the sale of the Debtor’s real property (the “Property”) with the Purchaser for \$6,500,000, which agreement, after conducting of an auction on September 28, 2016, was approved by the Bankruptcy Court at a hearing held on September 29, 2016..

(a) Free and Clear of all Liens, Claims and Encumbrances. The Purchaser shall acquire upon the Sale, and the Debtor shall convey, all of the right, title and interest that Debtor possesses as of the closing in and to the Lease and the Property (collectively, the “Property”) free and clear of all pre-closing liens, Claims, encumbrances, other interests, debts, causes of action, Interests, obligations, liabilities, and charges of any kind, nature or description whatsoever, whether fixed or contingent, legal or equitable, perfected or unperfected except as expressly provided in the purchase agreement pursuant to Sections 363(b), (f), (k) and (m) and 1123(b)(4) and 1129 of the Bankruptcy Code (collectively, the “Liens and Claims”). All persons and entities asserting Liens and Claims of any kind or nature whatsoever against or in Debtor or the Property, including but not limited to the Class 1, 2 and 3 Claim holders and Class 4 Interest holders, arising under or out of, in connection with, or in any way relating to, Debtor, the Property, or the transfer of the Property to the Purchaser, shall be forever barred, estopped, and permanently enjoined from asserting such Liens and Claims against the successful purchaser, its successors or assigns, its property, or the Property.

(b) Tax Exemption. The Plan expressly contemplates the Sale of the Property on or after the Effective Date. The post-Effective Date Sale shall therefore not be taxed under any law

imposing a stamp or similar tax as provided for in Section 1146(a) of the Code including (a) the transfer of the Property; (b) the assignment of the Lease; (b) the creation of any mortgage, deed of trust, lien, pledge or other security interest; (c) the making or assignment of any contract, Lease or sublease; or (d) the making or delivery of any deed or other instrument or transfer under, in furtherance of, or in connection with the Plan. All such transfers, assignments and sales will not be subject to any stamp tax, or other similar tax held to be a stamp tax or other similar tax by applicable law.

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 there are classes impaired under the Plan and that the holder of the claims in these classes are entitled to vote to accept or reject the Plan. The Debtor

believes that classes are unimpaired and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan.

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 proof of claim in this case was May 5, 2015.

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 3 Claims are not receiving interest,, Class 3 Unsecured Claims are Impaired under the Plan and entitled to vote.

Each Holder of a Claim in Class 3 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 5:00 p.m. (Eastern Standard Time) on October 31, 2016 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.

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.

4. Who Can Vote in More Than One Class

A creditor whose claim has been allowed in part as a secured claim and in part as an 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. Moreover, on the Effective Date, the Debtor will have sufficient funds on hand to fund the Plan. A distribution schedule outlining all payments to be made under the Plan from the Plan Distribution Fund is attached to this Disclosure Statement as **Exhibit "B."** ***You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.***

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:

IMPORTANT PROPERTIES, LLC
c/o DelBello Donnellan Weingarten Wise & Wiederkehr, LLP
One North Lexington Avenue
White Plains, New York 10601
Attn: Jonathan S. Pasternak, Esq.
Erica R. Aisner, Esq.

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 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 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.

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 4 Interest 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 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 Debtor within ten (10) days upon presentation of invoices for such professional services. All disputes concerning post-confirmation fees and expenses shall be subject to Bankruptcy Court jurisdiction.

The Debtor shall reserve \$7,500 from the Plan Distribution Fund for the payment of post-Confirmation professional fees incurred by Debtor's counsel and the Disbursing Agent in the continued prosecution of estate causes of action, adjudication of Claims, and in connection with the carrying out of duties and responsibilities as the Disbursing Agent as well as payment of United States Trustee fees. The balance of such reserve, if any, shall be distributed in accordance with Article III of the Plan.

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 believes 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 cause significant delay and uncertainty, as well as substantial additional administrative costs.

Dated: New Rochelle, New York
October 4, 2016

IMPORTANT PROPERTIES, LLC.

By: John A. Meskunas
John A. Meskunas, Managing Member

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