

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

Chapter 11

Madison Square Tavern, Inc.,

Case No. 16-10520 (JLG)

Debtor.

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**AMENDED DISCLOSURE STATEMENT PURSUANT TO
SECTION 1125 OF THE BANKRUPTCY CODE**

THIS IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR BANKRUPTCY COURT APPROVAL, BUT HAS NOT YET BEEN ACTUALLY APPROVED.

Madison Square Tavern, Inc. (the "Debtor"), hereby submits this Amended Disclosure Statement (the "Disclosure Statement"), pursuant to §1125 of Title 11, United States Code (the "Bankruptcy Code"), in connection with the Debtor's accompanying Amended Chapter 11 Plan of Reorganization dated April 28, 2017 (ECF #100) (the "Plan"). Capitalized terms not otherwise defined herein shall have the meaning ascribed to such term in the Plan.

I. OVERVIEW OF THE PLAN

A. Summary of the Plan.

The Debtor has filed a liquidating Plan to distribute the proceeds to be realized from a private sale of the Debtor's restaurant known as "Madison Square Tavern" (the "Restaurant") to 150 West 30th Street Restaurant LLC, a New York limited liability company (hereinafter the "New Operator"). The sale transaction (the "Sale") includes a sale of the Debtor's operating assets under Section 363(b) and (f) of the Bankruptcy Code, together with the assumption and assignment of the Debtor's underlying lease dated July 30, 2013 (the "Lease") pursuant to Section 365 of the Bankruptcy Code.

The Debtor's estate shall receive a total purchase price of \$750,000 in connection with the Sale. A global settlement has been reached by all of the active stakeholders in the bankruptcy case concerning a division of the purchase price based upon various discounted pay-offs by all concerned as set forth in a stipulation executed by Greater Hudson Bank ("GHB"), the Landlord, the Architect and Debtor's counsel (the "Global Settlement"). The Global Settlement, as deemed modified by the Mechanic Lien Settlement¹ (as defined below), will be approved as part of the confirmation process. A copy of the Global Settlement is annexed to the Plan as Exhibit A and incorporated therein.

A second settlement has also now been reached with the two most significant remaining disputed mechanic lienors (Phase III Builders Inc. and Culinary Depot Inc.) to resolve their claims as well (the "Mechanic Lien Settlement"). A copy of the Mechanic Lien Settlement is to the Plan as Exhibit B and incorporated therein.

The Asset Purchase Agreement (the "APA") setting forth the agreement between the Debtor and the New Operator is annexed to the Plan as Exhibit C and incorporated therein.

In addition to the payment of \$750,000 to the Debtor's estate for distributions under the Plan (which includes a cash payment to GHB of \$192,500), the New Operator shall also execute a promissory note in the amount of \$1,000,000 in favor of GHB (the "Note") to be paid over a period of ten (10) years following the closing of the sale of the Restaurant (the "Closing"). There will be no distributions to Ed Dobres on account of his equity interest in the Debtor, although Ed

¹ Among other things, the Mechanic Lien Settlement increases the fund for Class 3 creditors from \$47,500 to \$70,000 with a corresponding reduction in the fund for Class 4 creditors from \$40,000 to \$17,500.

Dobres has personally paid to GHB on account of his personal guaranty over \$1,000,000 through a sale of his personal residence and liquidation of life insurance.

B. Summary of Distributions

The total sale proceeds of \$750,000 are projected to be disbursed under the Plan in the following aggregate amounts:

Class		Amount	Impaired
Unclassified	Administration and Priority	\$92,500	N/A
Unclassified	Landlord Cure Claim	\$230,000	N/A
Class 1	Secured Claim of GHB	\$192,500	Yes
Class 2	Architect Mechanic's Lien Claim	\$147,500	Yes
Class 3	Disputed Mechanic Lien Claim	\$70,000	Yes
Class 4	Unsecured Claims	\$17,500	Yes
Class 5	Equity Interests (Limited Partners)	\$0	N/A

C. Confirmation Process

The Bankruptcy Court has scheduled a hearing to consider confirmation of the Plan on May 25, 2017 at 2:00 p.m., Eastern Standard Time on shortened notice since the Plan must be approved prior to the May 31, 2017 Closing Date. The hearing will be conducted by the Honorable James L. Garrity, Jr. in the United States Bankruptcy Court, One Bowling Green, Courtroom 601, New York, NY 10004.

The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan shall be served upon counsel to the Debtor, Goldberg Weprin Finkel Goldstein LLP, Attn: Kevin J. Nash, 1501 Broadway, 22nd Floor, New York, New York 10036 and all parties who have filed a Notice of Appearance on or before May 22, 2017 at 4:00 p.m. prevailing New York time.

In order for the Plan to be accepted on a consensual basis, each impaired class must accept the Plan or be deemed to have accepted the Plan. Acceptance by a class of claims is based upon

the affirmative votes from each class of creditors holding at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of claims of those creditors in the particular class who actually vote.

In accordance with section 1126(f) of the Bankruptcy Code, all classes of claims that are impaired by the Plan may vote to accept or reject. A class of claims is impaired if the Plan modifies, alters or changes the Claimant's legal, equitable or contractual rights against the Debtor.

In this particular case, all classes of claims are impaired, including the Class 1 secured claim of GHB, the Class 2 settled claim of the Architect, the Class 3 settled claims of the mechanic's lienors and the Class 4 claims of general unsecured creditors. Thus, all classes of claims are eligible to vote on the Plan. Based upon the global settlement, the Debtor has already received consents to the Plan from GHB, the Architect, and the Settled Mechanic Lien Claims (Phase III Builders Inc. and Culinary Depot Inc.). Thus, the Debtor has the ability to seek confirmation of the Plan even without consent of the Class 4 creditors, although the Debtor hopes to gain unanimous support from all the creditors.

Ballots for acceptance or rejection of the Plan should be completed and returned before the Voting Deadline to Goldberg Weprin Finkel Goldstein LLP, Attn: Kevin J. Nash, 1501 Broadway, 22nd Floor, New York, New York 10036. Facsimile: (212) 422-6836. E-mail: KNash@GWFGlaw.com.

In order to be counted, your ballot must be actually received on or before May 22, 2017 at 4:00 p.m. prevailing New York time (the "Voting Deadline"). All forms of personal delivery of ballots including overnight delivery service, facsimile and electronic transmissions are acceptable.

Only actual votes will be counted. A failure to return a ballot will not be counted either as a vote for or against the Plan.

D. Disclaimer. The Bankruptcy Court's approval of this Disclosure Statement does not constitute an endorsement of the Plan. No representations other than those explicitly set forth in this Disclosure Statement are authorized concerning the terms of the Plan, the sale of the Restaurant or the extent of the Debtor's liabilities.

This Disclosure Statement contains summaries of certain provisions of the Plan, certain statutory provisions, certain documents related to the Plan, certain events in the case and certain financial information. Although the Debtor believes that the Disclosure Statement is accurate, the terms of the Plan, the Global Settlement and the APA govern, and creditors are advised to review the exhibits to the Plan in their entirety.

II. EVENTS LEADING UP TO THE CHAPTER 11 FILING

The Debtor's principal, Edward Dobres, is a long-time restaurateur and began construction of the Restaurant with high hopes. A Lease was signed in July 2013 with the expectation of the opening of an upscale bar and restaurant in the vicinity of Madison Square Garden. It was contemplated that construction (combining three commercial spaces into one) would take approximately eight (8) months of time to complete. The Debtor retained the Architect to design the Restaurant and hired a general contractor to build out the premises at a total cost of \$3,000,000 including bank financing provided by GHB of more than \$2,000,000.

Unfortunately, construction was delayed because of a number of issues, which led to cost overruns, and the inability to address contractor claims.

The Restaurant's kitchen did not open for service until approximately August 2015, almost twenty (20) months behind schedule. To make matters worse, scaffolding was erected one week after the Lease was signed which was not removed until January 2016. Because of the scaffolding, even after the Restaurant opened in the summer 2015, many people could not see the location from the street and weekly sales were negatively impacted.

By the time the Restaurant opened, the Debtor had exhausted all of its rent concessions and quickly found itself subject to multiple defaults under its Lease and Loan Agreements. Facing possible termination of the Lease as a result of mechanic lien filings, the Debtor filed its Chapter 11 petition on March 4, 2016.

III. SIGNIFICANT EVENTS DURING THE BANKRUPTCY

Contemporaneously with the Chapter 11 filing, the Debtor moved to retain a new management company, Simple Venue, LLC (öSVö) to provide consulting services, including marketing, restaurant operations and bookkeeping, in an effort to strengthen sales and control costs. By Order dated April 11, 2016 (ECF# 24), SV was approved as the Debtor's new manager. The lead principal of SV, Michael Sinensky, is a principal of the New Operator, and was the logical person to buy the Restaurant, since he has supervised operations for about one year's time.

Early on in the Chapter 11 case, GHB moved to convert the Chapter 11 case based on certain operating losses. The Debtor's business stabilized, and negotiations ensued with Mr. Sinensky regarding a potential sale. After several months of discussions, the parties finalize the financial terms of a sale. Under the core terms of the APA, the Debtor will assume and assign the Lease to the New Operator, and sell all of the restaurant equipment, in return for a cash payment of \$750,000 to fund the

distributions to creditors under the Plan. In addition, GHB is accepting a secured ten-year note from the New Operator for an additional sum of \$1,000,000.

The Sale is being conducted pursuant to Sections 363(b) and (f) and 1123(a)(5)(d) and (b)(2) of the Bankruptcy Code, free and clear of all liens, taxes, claims and encumbrances, except for the restructured and amended secured note to be executed in favor of GHB and assumption of GHB's existing security agreement; and the assumption and the assignment of a certain financing lease with Huntington Technology Finance, as successor to Macquarie Equipment Finance Inc.

The Sale is being pursued as a "private" sale, since the parties are in agreement that the New Operator's offer is the very best that could reasonably be expected to be received for the Restaurant.

Even before the APA was completed, the Debtor turned to negotiating with various creditor constituencies regarding discounted pay-offs. These negotiations have likewise spanned several months, beginning with discussions on the resolution of GHB's secured claim. During the case, GHB has authorized the use of cash collateral and waived various entitlements to adequate protection. A cash collateral stipulation was approved on an interim basis by Order dated April 14, 2016 (ECF #26) and finally approved by Order dated June 28, 2016 (ECF #38). The stipulation has subsequently been extended several times, with the latest running through May 31, 2017.

The Debtor's principal, Mr. Dobres, and his spouse, as guarantors of the loan from GHB, agreed to make a substantial pay down of the debt as part of the negotiations, based on a sale of their home and liquidation of life insurance. The Dobres have already paid approximately \$1 million to GHB on account of a claim of \$2.4 million. As a result of these efforts, GHB has

agreed to accept an additional cash payment of \$192,500 from the Sale proceeds, together with the \$1 million note from the New Operator, in satisfaction of its secured claim.

Negotiations with the Architect were complex, as there were a number of factors to be addressed. The Architect moved to vacate the stay to permit the filing of a mechanic's lien. This motion was resolved by stipulation. Conversely, the Debtor asserted various claims against the Architect relating to the construction delays.

In the end, after lengthy discussions, the Architect has agreed to complete the services required for the temporary certificate of occupancy for \$13,000, which will be paid from the Debtor's on-going operations, and to accept \$147,500 from the Sale proceeds in extinguishment of its mechanic's lien of approximately \$248,000. The Architect shall also receive an allowed unsecured claim in the amount of \$100,935, which will share in the pro rata dividend being paid to general creditors.

The Landlord has agreed to accept the sum of \$230,000 in full satisfaction of the amount necessary to cure all arrears so that the Lease can be assumed and assigned to the New Operator. As part of this settlement, the Landlord is also requiring that all mechanic's liens which were filed against the leasehold premises be removed. To that end, in addition to the proposed settlement with the Architect, the Debtor has reached agreement with Phase III Builders, Inc. (Claim No. 1) in the amount of \$241,151 and Culinary Depot Equipment (Claim No. 10) in the amount of \$80,587, to settle both claims for a total of \$70,000, to be shared *pro rata*, or in such other amounts as they agree between themselves.²

² To repeat, the Global Settlement provided for a fund of \$47,500 to pay these disputed mechanic's lien claims. That allocation of the proceeds for these claims has been increased to \$70,000, with the funds remaining for unsecured creditors reduced commensurately from \$40,000

In addition, the Debtor moved to extinguish the remaining mechanics liens filed by Mayorquin Electric LLC (Claim No. 7) in the amount of \$21,583 and Dyna-Temp, Inc. (Claim No. 8) in the amount of \$41,988, as well as a non-filed claim asserted by Surface Design Solutions. Following a hearing on April 28, 2017, the Bankruptcy Court granted the Debtors' motions and the remaining mechanics liens of Mayorquin Electric LLC, Dyna-Temp, Inc. and Surface Design Solutions have been extinguished.

IV. THE PLAN

The Plan classified pre-petition claims and equity interests in the Debtor into various classes, as outlined below.

A. Non-Classified Claims. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified and their treatment is set forth below.

1. Administrative Claims. Each holder of an Allowed Administrative Claim (other than Professional Fee Claims and U.S. Trustee Fees) shall receive, in full satisfaction, settlement and release of such Allowed Administrative Claim, a cash payment equal to such Allowed Administrative Claim, (i) as soon as reasonably practicable after the Effective Date or (ii) if the Administrative Claim is not Allowed as of the Effective Date, within thirty (30) days after the date on which such Administrative Claim becomes an Allowed Administrative Claim or as soon thereafter as reasonably practicable. Notwithstanding the following, the post-petition operating expenses of the Restaurant shall be paid in the regular course of the Debtor's business during the period up to and including the date of Closing. Accordingly, the accrued legal fees and expenses

to \$17,500.

of the Debtor's counsel, Goldberg Weprin Finkel Goldstein, LLP, constitute the chief Administrative Expense Claim to be paid from the Confirmation Fund. These legal fees and expenses have been voluntarily reduced pursuant to the Global Settlement to a balance of \$85,000.

2. **Priority Tax Claims.** Each holder of an Allowed Priority Tax Claim, shall receive, in full satisfaction, settlement and release of such Allowed Priority Tax Claim, a cash payment equal to such Allowed Priority Tax Claim, (i) as soon as reasonably practicable after the Effective Date; or (ii) if the Priority Tax Claim is not Allowed as of the Effective Date, within thirty (30) days after the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim. All Priority Tax Claims shall be paid from the Confirmation Fund.

3. **Professional Fee Claims.** All final requests for payment of Professional Fee Claims must be filed no later than thirty (30) days after the Effective Date. Following notice and a hearing in accordance with the requirements of the Bankruptcy Code and Rules, the Allowed amounts of such Professional Claims shall be determined by the Bankruptcy Court, and paid from the Confirmation Fund upon entry of an Order awarding compensation consistent with the Global Settlement.

4. **U.S. Trustee Fees.** The Debtor shall pay all outstanding U.S. Trustee Fees on an ongoing basis in the regular course of business until the entry of a Final Decree closing the bankruptcy case, or the bankruptcy case is converted or dismissed, or the Bankruptcy Court orders otherwise. The Disbursing Agent shall pay the quarterly fees attributable to the cash distributions under the Plan of \$4,875.00 on the Effective Date.

B. Assumption And Assignment Of The Lease. Pursuant to the APA and Global Settlement, the Debtor's Lease shall be assumed and assigned to the New Operator for purposes of Section 365 of the Bankruptcy Code. Once the Lease is assumed during the Chapter 11, the Landlord arguably becomes an administrative expense claimant, therefore, the Landlord's claim is no longer classified as a pre-petition debt. To effectuate the assumption of the Lease, the Debtor shall pay the Landlord the sum of \$230,000 from the Purchase Price to cure all monetary arrears at the Closing (the "Cure") plus extinguish all mechanic liens encumbering the Lease which has now been accomplished through settlement and objection.

C. Classification And Treatment Of Claims And Equity Interests.

1. Summary

The categories listed below classify Claims against the Debtor for all purposes, including voting, confirmation and distribution pursuant hereto and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code.

Summary of Classification and Treatment of Claims and Equity Interests

Class	Designation	Impaired
Class 1	Secured Claim of GHB	Yes
Class 2	Settled Claim of the Architect	Yes
Class 3	Settled Mechanic's Lien Claims	Yes
Class 4	Unsecured Claims (including remaining mechanics liens under objection)	Yes
Class 5	Equity Interests	N/A

2. Classification, Treatment and Voting

Class 1 — The Secured Claim of GHB.

Classification: Class 1 is comprised of the Secured Claim of GHB.

Treatment: The Class 1 Claim of GHB shall be paid pursuant to the Global Settlement as follows:

- (a) \$192,500 on the Effective Date in cash from the Confirmation Fund; and
- (b) payment of \$1,000,000 by the New Operator pursuant to a fully amortizing Amended Note to be repaid over a period of ten (10) years with interest at the Prime Rate (the "Amended Note"). Payments shall be made on the first (1st) of each month. The Amended Note shall provide for default interest of an additional 5% after notice and an opportunity to cure for so long as a default in payment exists, and may be prepaid in whole or in part without premium or penalty. The Amended Note shall also include the same reporting requirements as are included in the original GHB loan documents with the Debtor.
- (c) The Amended Note, together with all related security and collateral agreements as contemplated by the APA, shall be expressly assumed by the New Operator on the Effective Date. GHB shall retain its first priority lien and security interest covering all of the Operating Assets sold to the New Operator. Additionally, GHB shall be given a collateral assignment of the Lease by the New Operator to secure the Amended Note. Edward Dobres shall continue to personally guaranty the Amended Note.

Voting: Class 1 is impaired and entitled to vote on the Plan. GHB has indicated it will vote in favor of the Plan so long as the Plan is consistent with the APA and Global Settlement.

Class 2 — Settled Mechanic’s Lien Claim of the Architect

Classification: Class 2 is comprised by the Mechanic’s Lien Claim of the Architect as resolved pursuant to the Global Settlement

Treatment: The Allowed Mechanic Lien Claim of the Architect shall be paid pursuant to the Global Settlement as follows:

- (a) \$147,500 on the Effective Date in cash from the Confirmation Fund; and
- (b) General unsecured claim of \$100,935 to be treated as a Class 4 Unsecured General Claim. As such, the Architect is eligible to participate and receive a pro rata distribution from the Unsecured General Creditor Pool of \$17,500.

Voting: Class 2 is impaired and entitled to vote on the Plan.

Class 3 — Settled Mechanic’s Lienors

Classification: Class 3 is comprised of the Claims of the Settled Mechanic’s Lienors.

Treatment: The Mechanic Lien Claims of Phase III Builders and Culinary Depot have now been settled pursuant to the Mechanic Lien Settlement. Based upon this settlement, Phase III Builders and Culinary Depot shall jointly share and receive the distribution from a separate fund of \$70,000 to be established from the proceeds of sale at the Closing. Payments to Phase III Builders Inc. and Culinary Depot shall be on terms as separately agreed to by Phase III Builders Inc. and Culinary Depot among themselves. The filing of Mechanic’s Liens constitutes a default under the Lease, and thus all existing liens must be extinguished in order to effectuate the intended Assumption and Assignment of the Lease. With the extinguishment of the mechanic’s

liens of Mayorquin Electric LLC, Dyna-Temp, Inc. and Surface Design Solutions, this requirement has now been met.

Voting: Class 3 is impaired and eligible to vote.

Class 4 — Unsecured General Claims

Classification: Class 4 is comprised of all Allowed Unsecured General Claims consisting of trade vendors and suppliers, On Deck Capital Inc. (‘‘On Deck’’), the Deficiency Claim of the Architect and the underlying claim of Mayorquin Electric LLC, whose lien has been vacated and extinguished against the Lease and the Landlord’s property pursuant to Order of the Bankruptcy Court.

The total unsecured creditor pool consists of approximately 11 claims, most prominently On Deck. Because On Deck is fully unsecured given the superior lien of GHB which covers all collateral, approval of the plan will be deemed an automatic reclassification of On Deck’s claim to a Class 4 general unsecured claim pursuant to Section 506(a).

Dewey’s Inc. filed a contingent claim, based upon its guaranty of the Debtor’s obligation to GHB. Dewey’s has since settled its guaranty with GHB pursuant to which the liability was released and no longer exists. Accordingly, the contingent claim is subject to significant reduction and should not factor prominently in the Class 4 pool.

Treatment: Each holder of an Allowed Unsecured General Claim shall receive, in full and final settlement, discharge and satisfaction of such Allowed Claims, a total *pro rata* distribution based upon a pool of \$17,500 (the ‘‘General Claim Fund’’) to be divided among all allowed Class 4 Claims. The Debtor projects that the *pro rata* dividend will be approximately 5%. The *pro rata* distribution shall be paid as soon as practical after the Effective Date of the Plan.

Voting: Class 4 is impaired and eligible to vote.

Class 5 —Equity Interests (Limited Partners)

Classification: Class 5 is comprised of the equity interests of Edward Dobres.

Treatment: The Class 5 equity interests shall be canceled and terminated as of the Effective Date. No distribution shall be made to Edward Dobres on account of his Class 5 interests.

Voting: Class 5 is impaired but not eligible to vote as insiders of the Debtor.

D. Implementation and Conditions of the Plan by Means of Assumption and Assignment of the Lease

The centerpiece of the Plan is the Assumption and Assignment of the Lease and sale of the Operating Assets to the New Operator pursuant to the APA. At the time of the Chapter 11 filing, the Lease was in default by virtue of the filing of certain mechanic's liens and the non-payment of rent. The Debtor has reached a settlement with the Landlord to pay the total sum of \$230,000 to effectuate the cure of the monetary arrears under the Lease, although it still remains a condition of the Plan and the APA that the Debtor extinguish all mechanics liens filed in connection with the Restaurant. The Debtor has filed an omnibus objection to the Mechanic's Lien Claims, which will be heard prior to confirmation of the Plan. To date, the Debtor has settled with the Architect, Phase III Builders and Culinary Depot and the Debtor anticipates that the remaining liens will be vacated and expunged prior to confirmation.

For conveyancing purposes, confirmation and approval of the Plan shall also constitute approval of the APA, with requisite and corresponding approval of the Assumption and Assignment of the Lease and the sale of Operating Assets to the New Operator pursuant to

Sections 363(b) and (f) and Section 365 of the Bankruptcy Code, as permitted by Section 1123(b)(2) of the Bankruptcy Code.

In accordance with the APA, the Assumption and Assignment of the Lease and the sale of Operating Assets shall be free and clear of all liens, claims, taxes and encumbrances except for the surviving lien of GHB.

The Debtor shall request that the Bankruptcy Court issue the Confirmation Order recognizing that the New Operator will become the holder of the Lease and Operating Assets and is not otherwise obligated for any of the debts and liabilities of the Debtor arising prior to the Closing Date, except for the limited assumed obligations owed to GHB under the Amended Note and the residual financing obligations owed to Huntington Technology Finance as successor to Macquaire Equipment Finance, Inc. of \$3,566.74 per month. All other executory or service contracts relating to the operation of the Restaurant shall be rejected at the option of the New Operator.

On the Closing Date, the Debtor shall execute and deliver to the New Operator a formal assumption and assignment of Lease, including estoppel language in favor of Buyer in form and substance reasonably satisfactory to Buyer, and such other provisions as are agreed to between the Landlord and Buyer, together with a separate Assumption and Assignment Agreement relating to the Equipment Lease and a Bill of Sale relating to the Operating Assets containing customary terms and conditions. The Debtor shall request as part of the confirmation process that the New Operator be deemed a good faith purchaser entitled to protections under Section 363(m).

Approval and confirmation of the Plan shall also constitute approval of both of the Global Settlement and Mechanic Lien Settlement by the Bankruptcy Court for purposes of Bankruptcy

Rule 9019 without the need for a separate order or application. The Global Settlement and Mechanic Lien Settlements are both an integral parts of the confirmation process and constitutes a reasonable exercise of the Debtor's business judgment, and falls within a range of reasonableness with any of the applicable criteria.

Sources and Uses of Cash

The total Sale proceeds of \$750,000 are projected to be disbursed as follows:

Class		Amount
Unclassified	Administration and Priority	\$92,500
Unclassified	Landlord Cure Claim	\$230,000
Class 1	Secured Claim of GHB	\$192,500
Class 2	Architect Mechanic's Lien Claim	\$147,500
Class 3	Mechanic Lien Settlement with Phase III Builders and Culinary Depot	\$70,000
Class 4	Unsecured Claims	\$17,500
Class 5	Equity Interests (Limited Partners)	\$0

Rights and Powers of the Disbursing Agent. The Disbursing Agent shall be empowered to act on behalf of the Debtor to (i) effect all actions and execute all agreements, instruments and other documents necessary to perform its duties under the Plan, (ii) make all distributions contemplated hereby to be made, (iii) prosecute, settle and enforce all causes of action and claims on behalf of the Debtor's estate, and (iv) exercise such other powers as may be deemed necessary and proper to implement the Plan.

Post-Confirmation Management. After the Effective Date, the Debtor shall wind-up its affairs under the direction of Edward Dobres. The Debtor reserves the right to terminate and dissolve the limited liability company in accordance with applicable law.

Retention of Jurisdiction. Notwithstanding the entry of the Confirmation Order, the Bankruptcy Court shall retain jurisdiction until the case is closed to perform the following: (a) Ensure that the Plan is fully consummated and completely funded, and to resolve all matters arising under or relating to the Plan, including, without limitation, the enforcement, interpretation and any issues or dispute relating to compliance with the Term Sheet and consummation of the Assumption and Assignment; (b) Allow, disallow, determine, liquidate or classify, any secured or unsecured Claims, including, without limitation, the resolution of any request for payment of any Administrative Expenses, the resolution of any and all objections to the allowance any Claims, and the resolution of any adversary proceeding; (c) Grant or deny any and all applications for allowance of compensation and reimbursement of expenses by the professionals retained during the bankruptcy case; (d) Resolve any motions or applications pending on the Effective Date; (e) Ensure that distributions to holders of Allowed Claims are accomplished pursuant to the Plan; (f) Enter such Orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, deeds, instruments and other agreements or documents created in connection with the Plan or to enforce all orders, judgments, injunctions, and rulings entered in connection with the bankruptcy case; (g) Issue any orders or take such other actions as may be necessary or appropriate to restrain interference by any person or entity with consummation or enforcement of the Plan; and (h) Enter a Final Decree concluding the bankruptcy case.

VI. BASIC REQUIREMENTS FOR CONFIRMATION OF THE PLAN

Section 1129(a) of the Bankruptcy Code lists a number of findings that need to be made prior to Confirmation. In this case, because the Debtor is selling the Property and distributing all

of the net proceeds to the holders of allowed claims in accordance with the priority scheme established under the Bankruptcy Code, the Debtor believes that the Plan meets with all of the requirements of Section 1129(a). In the end, the Debtor anticipates that all creditors will support the Plan as the best way to maximize the value of the Property.

A. Feasibility Of The Plan. As a prerequisite to confirmation, Bankruptcy Code § 1129(a)(11) requires that the Debtor demonstrate Mr. Sinensky's ability to fund the Plan and establish that the Debtor will no longer need additional financial reorganization or restructuring. Mr. Sinensky will establish at confirmation that he has available all funds necessary to close with the Debtor.

B. Best Interests Of Creditors Test. The Plan must also be in the best interests of creditors. This is a legal term of art which requires that the Plan provides a dividend to a class of creditors that vote against the Plan, which is equal to or greater than the distribution that class of creditors would realistically receive if the Debtor were to be liquidated under Chapter 7 of the Bankruptcy Code. Here, GHB has a blanket lien on the Debtor's assets and would otherwise receive all proceeds. However, as part of the Global Settlement, distributions will be made to other creditors based upon funds not otherwise available in a Chapter 7 case. Thus, the Best Interests test is easily met.

VII. CONCLUSION

The Debtor urges all creditors to support the Plan.

Dated: New York, New York
April 28, 2017

MADISON SQUARE TAVERN, INC.

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New York, NY 10036

By: Edward Dobres

By: /s/ Kevin J. Nash, Esq.