

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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**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 Disclosure Statement (the "Disclosure Statement"), pursuant to §1125 of Title 11, United States Code (the "Bankruptcy Code"), in connection with the Debtor's accompanying Chapter 11 Plan of Reorganization dated April __, 2017 (ECF #__) (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 entered into a sale agreement (defined for the purposes of the Plan as the "APA") subject to Bankruptcy Court approval to sell its restaurant to an affiliate of Michael Sinensky (defined for purposes of the Plan as the "New Operator") for the sum of \$750,000, plus a revised note in favor of Greater Hudson Bank ("GHB") in the sum of \$1,000,000. Based on the APA, the Debtor has filed a liquidating plan to distribute the cash proceeds of \$750,000 pursuant to a global settlement agreement (the "Global Settlement") reached with the active stakeholders in the bankruptcy case, establishing a division of the proceeds based upon various discounted pay-

offs. The major stakeholders in the Chapter 11 case are the Debtor's secured lender, Greater Hudson Bank (the "GHB"), the landlord, 150 Pin High LLC, 150 Habern LLC, 150 AB (the "Landlord"), and the architect, Gary H. Silver Architects, PC (the "Architect"). Copies of the Global Settlement and the APA are annexed to the Plan as Exhibits A and B, respectively.

Confirmation of the Plan also constitutes Bankruptcy Court approval of the sale of the Restaurant to the New Operator pursuant to the APA, as well as Bankruptcy Court approval of the Global Settlement Agreement for purposes of Bankruptcy Rule 9019.

The mechanics of the sale transaction include (i) the Debtor's assumption and assignment of its underlying lease dated July 30, 2013 (the "Lease") pursuant to Section 365 of the Bankruptcy Code; and (ii) a sale of the Debtor's operating assets pursuant to Section 363(b) and (f) subject to the restructured Note obligation with GHB.

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	Yes
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	\$47,500	Yes
Class 4	Unsecured Claims	\$40,000	Yes
Class 5	Landlord Cure Claim	\$230,000	N/A
Class 6	Equity Interests (Limited Partners)	\$0	

C. Confirmation Process

The Bankruptcy Court has scheduled a hearing to consider confirmation of the Plan on May ___, 2017 at 10:00 a.m., Eastern Standard Time. 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 ___, 2017, in the manner described in the Scheduling Order.

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 secured claim of the Architect, the Class 3 disputed claims of the other mechanic's lienors, which are under objection, the Class 4 claims of general unsecured creditors and the Class 5 claim of the Landlord. 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 Landlord, and the Architect. Thus, the Debtor has the ability to seek confirmation of the Plan even without consent from the other impaired classes under the cram-down provisions of Section 1129(b). However, 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 __, 2017 at 5:00 p.m. Eastern Standard 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 (õSVö) 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 moved to extinguish the mechanic's liens filed by Phase III Builders, Inc. (Claim No. 1) in the amount of \$241,151; Mayorquin Electric LLC (Claim No. 7) in the amount of \$21,583; Dyna-Temp, Inc. (Claim No. 8) in the amount of \$41,988; and Culinary Depot Equipment (Claim No. 10) in the amount of \$80,587; as well as a non-filed claim asserted by Surface Design Solutions, and to reclassify these claims as general unsecured. All of these lien claims are subject to objection on multiple grounds, including waiver, prior payment, failure to provide proper documentation, and are subject to counterclaims of the Debtor arising from the delays in completion of construction. An initial hearing on these objections is scheduled for April 13, 2017.

The final aspect of the Global Settlement is the creation of a fund of \$40,000 to make a pro rata distribution to the general unsecured creditors, including the reclassified claims of the mechanic's lienors, and the deficiency claim of the Architect. There is will no distribution to Mr. Dobres on account of his equity interests in the Debtor.

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.

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 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.

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.

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.

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. Classified Claims

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	Disputed Mechanic's Lien Claims	Yes
Class 4	Unsecured Claims	Yes
Class 5	Landlord Claim	Yes
Class 6	Equity Interests	N/A

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 \$40,000.

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

Class 3 — Claims of Disputed Mechanic’s Lienors

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

Treatment: Except for the Architect, the balance of the Mechanic Lien Claims are disputed and remain subject to the Debtor’s pending objections. Because of these disputes, the Disputed Mechanic’s Lienors are separately classified for purposes of the Plan. The Debtor projects that following conclusion of the pending objections, the final amounts to the holders of Disputed Mechanic’s Lienors will aggregate \$47,500 (the “Mechanic’s Lien Fund”) to be paid on a pro rata basis. As part of the confirmation process, and as a Condition Precedent (as defined in the APA), the Debtor is required to extinguish all filed Mechanic’s Liens against the Lease. 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. While the Disputed Mechanic's lien Claims do not retain lien rights, they still have a Claim in bankruptcy and are eligible to receive a pro rata distribution from the Mechanic's Lien Fund. To the extent that any monies in the Mechanic's Lien Fund are not used, then the residual proceeds shall be re-distributed on a pro rata basis between Debtor's counsel, GHB and the Architect.

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, plus the Deficiency Claim of the Architect.

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 \$40,000 (the "General Claim Fund") to be paid as soon as practical after the Effective Date of the Plan.

Voting: Class 4 is impaired and eligible to vote.

Class 5 — Landlord Claim

Classification: Class 5 is comprised of the Allowed Claim of the Landlord relating.

Treatment: The Landlord's Claim shall be cured pursuant to the Global Settlement via a cash payment of \$230,000 on the Effective Date (the "Cure"). The Cure shall be paid from the Confirmation Fund.

Voting: The Class 5 Claim of the Landlord is impaired and eligible to vote because the Cure is less than the full amount of the arrears otherwise owed to the Landlord.

Class 6 — Equity Interests (Limited Partners)

Classification: Class 6 is comprised of the equity interests of Edward Dobres.

Treatment: The Class 6 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 6 is impaired but not eligible to vote as insiders of the Debtor.

**V. IMPLEMENTATION AND CONDITIONS OF THE PLAN BY MEANS OF
ASSUMPTION AND ASSIGNMENT OF THE LEASE
AND SALE OF THE OPERATING ASSETS**

The centerpiece of the Plan is the Assumption and Assignment of the Lease and sale of the Operating Assets to the New Operator. The New Operator has obtained investors to fund the cash purchase price of \$750,000, and Mr. Sinensky has indicated he is ready and able to close by the scheduled deadline of May 31, 2017. Mr. Sinensky has managed the Restaurant virtually since the start of the Chapter 11 case, and intends to improve operations and revenues going forward.

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(a)(5)(D) and (b)(2) of the Bankruptcy Code.

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. The New Operator 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 the Global Settlement by the Bankruptcy Court for purposes of Bankruptcy Rule 9019 without the need for a separate order or application. The Global Settlement is an integral part 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.

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 10, 2017

MADISON SQUARE TAVERN, INC.

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