

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

Chapter 11

Nordica Soho LLC,

Case No. 16-11856 (SCC)

Debtor.

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**SECOND 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.

Nordica Soho LLC (the “Debtor”) hereby submits this Second 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 Second Amended Chapter 11 Plan of Reorganization of even date (ECF #43) (the “Plan”). Capitalized terms not otherwise defined herein shall have the meaning ascribed to such term in the Plan.

I. OVERVIEW

A. Summary of the Plan.

The Plan is predicated on the completed auction sale (the “Auction”) of the Debtor’s real property, consisting of two adjoining parcels located at 182-186 Spring Street, New York, NY (the “Property”). Michael Aronoff or his assignee (a principal of the Second Lender), emerged as the high bidder for the Property and became the “Successful Purchaser”, with a total bid of \$23,565,000 at the February 15, 2017 Auction, including certain credit bid rights.

The specific terms and conditions of the Auction were established by the Bankruptcy Court pursuant to a Bidding Procedures Order dated January 19, 2017. Maltz Auctions, Inc.,

d/b/a Maltz Auctions (“Maltz”) was designated as the Court-appointed auctioneer to conduct the Auction. Following competitive bidding, the results declaring Michael Aronoff or his assignee the Successful Purchaser were reported to the Court on February 21, 2017.

The Property is encumbered by two mortgages. The first mortgage lien is held by 182-186 Spring Street Lender LLC (“First Lender”), an affiliate of Acadia Realty Trust. The First Lender has asserted a total claim of \$16,826,390.73 as of February 15, 2017, which is projected by the First Lender to be \$17,146,349.45 as of March 27, 2017, based on accruing interest. The second mortgage is held by 182 Spring Street Associates (the “Second Lender”) and was the subject of pre-bankruptcy litigation in the Supreme Court, New York County. Mr. Aronoff is a principal of the Second Lender. The claim of the Second Lender was reduced to a filed judgment in the amount of \$12,347,633.05 as of August 7, 2015, with interest accruing thereafter at a rate of at least 9% per annum.

The Second Lender ultimately exercised its credit bid rights at the Auction and will now fund the Plan as the Successful Purchaser in consideration for the sale and receipt of title to the Property. The Second Lender’s funding payment obligations include satisfaction of the first mortgage for all allowed amounts, payment of real estate taxes and related charges, payment of administrative and priority creditors, plus establishment of a fund of \$50,000 (the “Carve-Out Fund”) to make a *pro rata* distribution to all other allowed unsecured claims.

B. Approval of this Disclosure Statement.

Pursuant to 11 U.S.C. §105(d)(2)(B), this Disclosure Statement has been conditionally approved by the Bankruptcy Court as containing adequate information within the meaning of 11 U.S.C. §1125 necessary for creditors to (i) evaluate the Plan; and (ii) determine whether to accept

or reject the Plan. Final approval of the Disclosure Statement will be sought by the Debtor in conjunction with confirmation of the Plan. The Court's preliminary approval of the Disclosure Statement is conditional, and creditors have the right to object to either final approval of the Disclosure Statement, or confirmation of the Plan.

C. Confirmation of the Plan.

The Bankruptcy Court has scheduled a combined hearing to consider both final approval of this Disclosure Statement and confirmation of the Plan on the same day and time, to wit, April ____, 2017 at 10:00 a.m., Eastern Standard Time. The hearing will be conducted by the Honorable Shelley C. Chapman the United States Bankruptcy Court, One Bowling Green, Courtroom 623, New York, NY 10004. At the combined hearing, the Bankruptcy Court will determine whether the requirements of Section 1129(a) of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court will enter an order finally approving the Disclosure Statement and confirming the Plan. The Debtor believes that the Plan will easily satisfy all applicable requirements of Section 1129(a) of the Bankruptcy Code.

Any creditor or party in interest may object to final approval of the Disclosure Statement or confirmation of the Plan. The Bankruptcy Court has directed that objections, if any, 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 March ____, 2017. The combined hearing may be adjourned from time to time without further notice other than by announcement in open court.

In order for the Plan to be accepted on a consensual basis, each impaired class must accept the Plan. Acceptance is based upon affirmative votes from each impaired class of voting

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 a particular impaired class who actually vote.

In accordance with section 1126(f) of the Bankruptcy Code, all classes of claims that are impaired may vote to accept or reject the Plan. 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 case, the Class 3 Claim of the Second Lender, 182 Spring Street Associates, and the Class 4 Claims of General Unsecured Creditors are all impaired or potentially impaired and eligible to vote on the Plan.

Ballots for acceptance or rejection of the Plan will accompany the Plan, and should be completed by all creditors in an impaired class. After carefully considering this Disclosure Statement and the Plan, please indicate your vote on the enclosed ballot and return same before the voting deadline of March ____, 2017 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 March __, 2017 at 5:00 p.m. Eastern Standard Time (the "Voting Deadline"). All forms of personal delivery of ballots including overnight delivery service, courier service, and delivery by hand are acceptable. Facsimile and electronic transmissions are also acceptable. There is no need to file your Ballot with the Clerk of the Bankruptcy Court. If your ballot is damaged or lost, or if you do not receive a ballot, you may request a replacement by contacting Goldberg Weprin Finkel Goldstein LLP, Attn Kevin J. Nash, at the stated address.

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 conditional 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 or the Debtor's development plans, the scope of assets or the extent of the Debtor's liabilities.

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

II. EVENTS LEADING UP TO THE PROPOSED PLAN

The Property was acquired in 2011 for the purpose of pursuing a residential re-development project (the "Project"). In 2013, new equity holders became involved with the Debtor's Project and caused the then-existing mortgage debt to be refinanced with affiliates of the First Lender, Acadia Realty Trust (182-186 Spring Street Lender LLC), which currently holds the first mortgage against the Property. Additionally, the prior owner of the Property retained a purchase money second mortgage arising out of the sale of the Property to the Debtor in 2011. Despite the infusion of new equity, the Project continued to stall, leading to a series of mortgage defaults. Various settlement / forbearance agreements were negotiated under which certain of the Debtor's principals continued to pay debt service and carrying costs for the Property for long stretches of time into the spring of 2016.

Ultimately, efforts to negotiate acceptable terms for further extensions were unsuccessful. As a result, the First Lender commenced an action for foreclosure. In the meantime, the second mortgage holder, which also held a duly filed confession of judgment in the sum of \$12,347,633.05, noticed a Sheriff's execution sale of the Property. Faced with multiple enforcement proceedings, the Debtor filed for Chapter 11 relief on June 28, 2016.

III. SIGNIFICANT EVENTS DURING THE CHAPTER 11 CASE

The Debtor filed the Chapter 11 case with one goal in mind, namely to sell the Property under a plan of reorganization on a transfer tax-exempt basis in accordance with Section 1146(a). The Debtor's sales efforts were supported by the First and Second Lenders. To this end, the Debtor first retained HFF to market the Property pursuant to Order dated September 8, 2016 (ECF #15). After HFF was unable to procure a suitable stalking horse purchaser, the Debtor and its secured creditors agreed to pursue a sale of the Property through an auction process. To this end, the Debtor moved to retain Maltz to conduct the auction and obtained entry of the Bidding Procedures Order on January 19, 2017.

Prior to the Auction, the Debtor received initial offers and deposits from seven potential bidders. In the end, however, the credit bid of the Second Lender won out. Accordingly, the Successful Purchaser is now required to close with the Debtor and pay sufficient funds to satisfy the allowed secured claim of the First Lender, with reserves for any amounts still in dispute as of the Closing. Additionally, the Successful Purchaser is required to pay all allowed Administration and Priority Claims, as well as the allowed Class 1 City Real Estate Tax Claim, plus create a residual pool of \$50,000 (the "Carve-out Fund") to make a *pro rata* distribution to all other allowed claims.

The maximum sum necessary to complete the transaction potentially amount to \$17,926,011, including reserves for disputed claims, itemized as follows:

Total Needed to Close

Payee	Total Claimed	Amount in Dispute
Potential Payment of the First Lender	\$17,146,349	TBD*
Potential Real Estate Tax and ECB Claims (Subject to objection)	\$508,524	\$321,316
Professional Fees and Expenses of the Debtor's Counsel	\$200,000	
Priority Tax Claims	\$1,138	
U.S. Trustee Quarterly Fees	\$20,000	
Unsecured Claims	\$50,000	
Equity Interests	\$0	
Total:	\$17,926,011	

* The Debtor will potentially object to exit fees, late charges and a portion of the post-petition interest in an amount to be determined.

The actual closing will occur shortly after entry of the Confirmation Order, projected to be sometime in early April.

IV. THE PLAN

UNCLASSIFIED CLAIMS

The Plan includes both classified and unclassified groups of claims. Unclassified claims are priority claims in bankruptcy which are being paid in full to meet the requirements of confirmation.

The first group of unclassified Claims primarily, if not exclusively, consists of the professional fees owed to the Debtor's counsel, Goldberg Weprin Finkel Goldstein LLP, which shall file a final application for allowance no later than thirty (30) days after the Effective Date. Prior to the Auction, the Debtor's counsel agreed to cap its legal fees at \$200,000. All allowed legal fees and expenses will be paid by the Successful Purchaser from the Confirmation Fund.

The Allowed Priority Tax Claims of the IRS and New York State are also unclassified under the Plan, since these claims will also be paid in full. Currently, the IRS has filed a combined priority and general claim in the sum of \$66,595.08, which will be objected to as appropriate, although the bulk of the claim (\$65,487.05) is for alleged penalties and is not entitled to priority status. The State of New York also filed a combined priority and general claim, for which the priority portion is only \$30.02. Whatever final amounts are allowed by the Court will be paid in full from the Confirmation Fund. The penalty portion of the IRS claim will be treated as a Class 4 general unsecured claim and shall share *pro rata* in the \$50,000 Carve-Out Fund.

CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

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	Real Estate Tax and ECB Claims of New York City	No
Class 2	Secured first mortgage claim of 182-186 Spring Street Lender LLC	No
Class 3	Judgment claim of 182 Spring Street Associates	Yes
Class 4	Unsecured Claims	Yes
Class 5	Equity Interests	Yes

Classification, Treatment and Voting

Class 1 —Real Estate Tax Claims

Classification: Class 1 is comprised of the Real Estate Claims.

Treatment: The Department of Finance, or such other agency designated by the City of New York, shall receive a cash payment on the Closing Date from the first proceeds of the Sale equal to the undisputed amount of all outstanding real estate taxes and related charges. Reserves shall be established at closing to address all disputed amounts for ECB Violations and other charges pending final allowance thereof.

Voting: Class 1 is unimpaired. The City of New York (“City”) is conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

To date, the City has filed various questionable claims, beginning with an estimate unsecured claim for alleged unpaid real property transfer taxes and UBT-Partner taxes in the total sum of \$197,278.21 dating back to 2014. This claim will be objected to in its entirety. The City also filed a claim in the sum of \$124,037.88 for a number of ECB violations based on alleged default judgments. The City’s ECB claims will also be the subject of objections and appear highly overstated. Thus, the Debtor anticipates significant reduction in Class 1 Claims, but whatever amount is ultimately allowed by the Bankruptcy Court, it shall be paid by the Successful Purchaser.

On the other hand, the Debtor acknowledges outstanding real estate taxes totaling \$186,707.50 together with accrued interest, which will be paid at Closing by the Successful Purchaser. Appropriate reserves for the Class 1 Real Estate Tax Claim will be established at Closing for all disputed items.

Class 2 —Secured First Mortgage Claim of 182-186 Spring Street Lender LLC.

Classification: Class 2 is comprised of the Secured First Mortgage Claim of the First Lender (Spring Street Lender LLC). This is by far the largest claim to be paid for under the Plan by the Successful Purchaser.

Treatment: The Class 2 claimant has asserted a total claim in the sum of \$16,826,390.73 as of February 15, 2017, which is projected by the First Lender to be \$17,146,349.45 as of the Closing Date (the “Secured Claim”). The Debtor reserves the right to object to portions of the Secured Claim relating to exit fees, late charges, default interest and the like.

The First Lender shall receive a cash payment on the Closing Date from the Successful Purchaser in an amount equal to the allowed or undisputed amount of the Secured Claim. In the event the final allowed amount of the Class 2 Secured Claim has not been fixed prior to the Closing Date, the Successful Purchaser shall pay the undisputed portions of the Secured Claim to the First Lender at Closing and establish a reserve for all amounts still in dispute. This reserve shall be held in escrow by the Disbursing Agent pending the final determination of any objection to the Class 2 Secured Claim.

Voting: Class 2 is not impaired because the bid of the Successful Purchaser exceeds any possible allowed amount. In any event, the Class 2 First Lender has consented to the Plan.

Class 3 — Secured Claim of 182 Spring Street Associates

Classification: Class 3 is comprised of the secured claim of 182 Spring Street Associates (the “Second Lender”).

Treatment: The Class 3 Second Lender entered a judgment against the Debtor in the Supreme Court, New York County, on August 7, 2015 in the amount of \$12,347,633.05 (the

“Judgment Claim”). Interest accrued thereafter up to the Petition Date at the statutory judgment interest rate of 9% per annum. However, the Class 3 Second Lender has filed a proof of claim asserting entitlement to interest at the default rate of 16% under the mortgage through the Petition Date.

While the Debtor reserved the right to object to portions of the Judgment Claim, the issue is academic since the Second Lender emerged as the Successful Purchaser. Accordingly, the Second Lender is now funding the Plan and not receiving a distribution hereunder as an undersecured creditor or otherwise. This circumstance also obviates the need for any objections.

Voting: Class 3 is impaired since the value of the Property remains less its allowed claim.

Class 4 — Unsecured General Claims

Classification: Class 4 is comprised of the Allowed Unsecured General Claims, consisting of all other Claims, such as the non-priority portion of the Claims filed by the IRS and New York State, any other allowed mechanic liens, broker’s liens, and claims of all other suppliers and vendors.

Treatment: Based on the credit bid scenario, the Class 4 Unsecured Creditors shall now share pro rata in the residual Carve-Out Fund of \$50,000.

Voting: Class 4 is impaired. The General Unsecured Claims are entitled to vote on the Plan.

Class 5 — Equity Interests

Classification: Class 5 is composed of the Equity Interests.

Treatment: Class 5 Equity Interest Holders will not receive any distributions because there is no surplus, and their membership interests will be canceled simultaneously with dissolution of the Company after the Chapter 11 case is closed.

Voting: As insiders, the votes of the Equity Interest Holders are not counted in considering confirmation of the Plan.

V. IMPLEMENTATION OF THE PLAN

Implementation. The Plan shall be implemented through the proceeds received from the Successful Purchaser in consideration for execution and delivery of a deed to the Property. The Sale Proceeds shall be collected by the Disbursing Agent and deposited into the Confirmation Fund, to the extent not otherwise paid to lienholders at Closing.

The Bidding Procedures Order provides that the Property shall be sold, as is, where is, but free and clear of all claims, liens, taxes, notices of pendency, and non-permitted Encumbrances, with all claims, liens, taxes and non-permitted encumbrances to attach to the sale proceeds in the same extent, validity and priority, in accordance with Sections 363(b) and (f) and 1123(a)(5)(D) of the Bankruptcy Code. The Memorandum of Sale with the Successful Purchaser, as filed with the Court, is binding, but if requested, the Debtor will execute an Agreement of Purchase and Sale with the Successful Purchaser on the same essential terms and conditions.

Based upon the existing title work available to the Debtor, among the disputed encumbrances which will be addressed and cleared under the Confirmation Order are the following items:

- a. Notices of pendency filed by the First Lender and Second Lender respectively;

- b. A disputed mechanic's lien filed by Gruzen Samton IBI Group in 2013, in the amount of \$111,663.94, which was never extended and has expired as a matter of law;
- c. Disputed broker's lien filed by Mortgage Equicap LLC in 2013, in the amount of \$290,000.00, which likewise has expired as a matter of law;
- d. Prior recorded contracts of sale and purchase options, in favor of Tribeca Equities and the First Lender, which likewise are no longer effective and shall be extinguished under the Confirmation Order;

Credit Bids. Pursuant to 11 U.S.C. §363(k), the Class 2 First Lender and the Class 3 Second Lender each retained rights to make a credit bid at the Auction. Based upon the terms of its credit bid, the Successful Purchaser is now responsible to pay and fund the following items: (i) all allowed professional fees not to exceed \$200,000 (excluding the sum of \$65,000 to be paid separately to Maltz under the Order authorizing its retention as Auctioneer); (ii) usual and standard closing costs; (iii) U.S. Trustee Fees; (iv) allowed Priority Tax Claims; (v) all allowed Class 1 Real Estate Tax Claims; and (vi) the \$50,000 Carve-Out Fund.

As noted above, the Successful Purchaser shall also pay the allowed Class 2 Secured Claim in full, including payment to the Disbursing Agent of a reserve equal to any portion of the Class 2 Secured Claim that is still in dispute on the Closing Date.

Discharge of Obligations. Except as otherwise expressly provided for and preserved herein, upon the occurrence of the Closing Date, as the case may be, any mortgages, judgments, liens, notes, bonds, agreements, instruments or documents, or otherwise, evidencing or creating any indebtedness, guaranties or other obligations of the Debtor that relate to Claims under this Plan and relating to the Property, shall be deemed satisfied and cancelled, and the obligations of the Debtor under each of the foregoing shall be discharged; provided, however, that the mortgage held by 182-186 Spring Street Lender LLC may be assigned instead of discharged based upon an

agreement to be executed between the Debtor and the Successful Purchaser upon the consent of the Class 2 First Lender, such consent not to be unreasonably withheld. Based upon these discharge provisions, all notices of pendency filed against the Property shall be deemed cancelled and vacated; all mechanic liens and brokers liens against the Property shall be deemed cancelled and vacated; and all recorded contracts of sale, memoranda or purchase options are likewise cancelled and vacated, and the Confirmation Order shall so provide. Notwithstanding Section 5.3 of the Plan, or any other provision of the Plan, the discharge of a debt of the Debtor shall not affect the liability of any entity on, or property of any other entity for, such debt.

Post-Closing Date Transactions. On or after the Closing Date, the Debtor is hereby authorized to take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by or necessary to effectuate the transfer of the Property, including the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, or right of the Debtor on terms consistent with the terms of this Plan and having other terms for which the applicable parties agree.

Transfer of Assets. On the Closing Date, title to the Property shall be transferred to the Successful Purchaser free and clear of all claims, liens, taxes and non-permitted encumbrances by means of, inter alia, the following conveyances documents:

- (a) a Bargain and Sale Deed to the Property without covenants in form and substance reasonably acceptable to the Successful Purchaser to be recorded in the appropriate register's office (the "Deed"), together with any and all New York City closing documents, including all New York State real property Transfer Tax returns and

any and all affidavits, certificates and other documents which are usual and customary to facilitate a sale of real property in the City of New York; and

(b) a Bill of Sale, in form and substance reasonably acceptable to the Successful Purchaser, transferring all personal property of the Debtor used in or useful to the operation and maintenance of the Property.

Transfer Taxes. Pursuant to section 1146(a) of the Bankruptcy Code, the making, delivery or recording of the deed or other instrument of transfer to the Property is being done in furtherance of this Plan. Accordingly, all deeds, bills of sale, assignments or other instrument of transfer to be executed by the Debtor shall not be subject to any deed, stamp, transfer or recording tax or similar government assessment, and the appropriate state and city agent shall forego the collection of any such transfer taxes and accept for filing and recording any of the foregoing instruments or other documents without the payment of any such tax or government assessment, including without limitation the New York City Real Property Transfer Tax and New York State Documentary Tax.

Preservation of Other Rights and Causes of Action. Any Causes of Action belonging to the Debtor against third parties shall remain property of the Debtor's estate and shall be vested in the Reorganized Debtor (i.e., Debtor following Confirmation of the Plan) for prosecution as Reorganized Debtor deems necessary and appropriate. Notwithstanding the foregoing, the Debtor is currently unaware of any Causes of Action, and no additional litigation is contemplated.

Post-Confirmation Management. The Reorganized Debtor shall continue to be managed by the current co-Managers, Nanci Hom and Harry Shapiro, pending formal dissolution of the Company following the Close and entry of a final decree.

Rights and Powers of the Debtor. The Debtor shall be empowered to (i) effect all actions and execute all agreements, instruments and other documents necessary to perform its duties under the Plan, (ii) direct that all distributions contemplated hereby be made, and (iii) exercise such other powers as may be deemed by the Debtor to be necessary and proper to implement the provisions hereof.

Rejection of all Existing Leases and Executory Contracts. The Debtor is unaware of any unexpired leases or executory contracts to which it is a party, although certain contracts of sales have been previously recorded against the Property. Besides being extinguished, any unexpired leases or executory contracts to which the Debtor is party shall be deemed rejected as of the Confirmation Date, with any allowed rejection claims to be considered as part of the general unsecured creditor pool to share in the *pro rata* distribution to Class 4 Unsecured Creditors.

Conditions Precedent to the Effective Date. The following are conditions precedent to the Effective Date that must be satisfied:

(a) The Confirmation Order shall have been entered by the Bankruptcy Court confirming the Plan and approving a sale to the Successful Purchaser consistent with the terms hereof, which Order shall become effective immediately;

(b) The Closing Date shall have occurred, the purchase price paid by Successful Purchaser;

(c) There shall not be in effect on the Effective Date, any Order entered by a court of competent jurisdiction staying, restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by the Plan; and

(d) All other actions and documents necessary to implement the Plan shall have been effected or executed in form and substance satisfactory to the Debtor.

Retention of Jurisdiction. The Bankruptcy Court shall retain jurisdiction after confirmation pending closure of the case to perform the following: (a) Ensure that the Plan is fully consummated, and to enter any Order pursuant to section 1142(b) of the Bankruptcy Code; (b) Resolve all matters arising under or relating to the Plan, including, without limitation, the enforcement, interpretation and any issues or dispute relating to the Closing on the Sale of the Property; (c) 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; (d) Grant or deny any and all applications for allowance of compensation and reimbursement of expenses by the professionals retained during the bankruptcy case; (e) Resolve any motions or applications pending on the Effective Date; (f) Ensure that distributions to holders of Allowed Claims are accomplished pursuant to the Plan; (g) 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; (h) 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 (i) 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 and its equity interest holders demonstrate their ability to fund the Plan and establish that confirmation is not likely to be followed by the need for further financial reorganization or restructuring. Since the Debtor is liquidating its assets at fair market value, this test is easily met.

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, a small carve out of \$50,000 has been set aside by the Second Lenders, as the Successful Purchaser, which would not otherwise be available in a Chapter 7 case. Thus, the distribution to unsecured creditors under the Plan is greater than in a Chapter 7 liquidation.

VII. CONCLUSION

The Debtor believes the Plan should be confirmed, and urges creditors to vote in favor of the Plan.

Dated: New York, New York
March 7, 2017

NORDICA SOHO LLC

GOLDBERG WEPRIN FINKEL
GOLDSTEIN LLP
Attorneys for the Debtor
1501 Broadway, 21st Floor
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By:

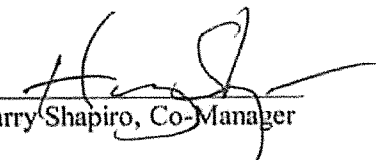


Nanci Hom, Co-Manager

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Harry Shapiro, Co-Manager