

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:
ELIZABETH CAMPBELL and
ROBERT DAVID CAMPBELL,

Chapter 11
Lead Case No. 16-12334 (MEW)
Jointly Administered

Debtors.

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**DISCLOSURE STATEMENT IN CONNECTION WITH CHAPTER 11 PLAN
OF REORGANIZATION PROPOSED BY ROBERT DAVID CAMPBELL**

**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 APPROVAL
*BUT HAS NOT YET BEEN APPROVED BY THE COURT.***

PICK & ZABICKI LLP
Counsel to the Debtors
369 Lexington Avenue, 12th Floor
New York, New York 10017
(212) 695-6000
Douglas J. Pick, Esq.
Eric C. Zabicki, Esq.

I. PURPOSE OF THIS DISCLOSURE STATEMENT

Robert David Campbell, the debtor and debtor-in-possession herein (the “Debtor”), provides this Disclosure Statement (the “Disclosure Statement”), pursuant to §1125(b) of title 11 of the United States Code (the “Bankruptcy Code”), to all of his known creditors and other parties-in-interest for the purpose of soliciting acceptances of the Chapter 11 Plan of Reorganization (the “Plan”) proposed by the Debtor. The Plan has been filed with the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) and a copy of the same is attached hereto as *Exhibit “A”*. By Order dated _____, 201_, this Disclosure Statement was approved by the Bankruptcy Court as containing “adequate information” of a kind, and in sufficient detail, to enable a hypothetical reasonable investor typical of the Debtor’s creditors to make an informed decision whether to accept or reject the Plan.

Capitalized terms utilized, but not defined herein, have the meanings ascribed to them in the Plan. The Debtor strongly urges that you read this Disclosure Statement because it contains a summary of the Plan provisions and important information concerning the Debtor’s financial affairs, the administration of the Debtor’s bankruptcy estate and the anticipated recovery by creditors of the Debtor.

Briefly, and as more fully discussed at length herein, the Plan provides for a reorganization of the Debtor’s financial obligations and affairs. The Plan will be implemented through, and the Distributions contemplated to be made under the Plan will be funded by, the Debtor’s portion of the Sale Proceeds of a post-Confirmation sale of the Coop Unit jointly owned by the Debtor at an Auction that will be conducted in accordance with certain Bid Procedures approved by the Bankruptcy Court. The Coop Unit is presently being listed by the

Broker with an asking price of \$2,650,000.00.

Under the Plan:

- (a) Any Statutory Fees owed by the Debtor as of the Effective Date, together with any applicable interest thereon, will be fully paid on the Effective Date, and any Statutory Fees, together with any applicable interest thereon, that may become due after the Effective Date shall be paid as they become due by the Post-Confirmation Debtor until the entry of a final decree closing the Chapter 11 Case, or until the Chapter 11 Case is converted or dismissed, whichever occurs earlier;
- (b) Allowed Administrative Claims will be fully paid on the Effective Date, or upon such terms as may be agreed upon between the Debtor and any holders of such Claims;
- (c) Allowed Priority Tax Claims, if any, will be fully paid, with interest at the applicable rate, if any, on the Effective Date or in equal and consecutive monthly installment payments in cash equal to the Allowed Amounts of such Claims, with interest thereon, over a period ending not later than five (5) years after the Petition Date absent the consent of the holders of the respective Allowed Priority Tax Claims, and commencing on the Effective Date;
- (d) The Allowed Canon Point South Secured Claim in Class 1 will be fully paid, with interest at the applicable rate, on the Effective Date; and
- (e) Holders of Allowed Class 2 General Unsecured Claims shall receive a Pro Rata Cash Distribution of the balance of the Sale Proceeds available after deduction of the Homestead Exemption and full payment of all Statutory Fees, Administrative Claims, Priority Tax Claims, and the Canon Point South Secured Claim in Class 1, but not to exceed payment in full plus interest at the legal rate, with such payment to be made (1) for Class 2 General Unsecured Claims that are Allowed as of the Effective Date, on the Effective Date, or (2) for Class 2 General Unsecured Claims that are Disputed Claims as of the Effective Date, within ten (10) days of a Disputed Claim becoming an Allowed Class 2 General Unsecured Claim. The Debtor presently estimates that the foregoing will result in a recovery by holders of Allowed General Unsecured Claims of approximately 7% of the Allowed Amounts of their Claims.

The Effective Date shall be the later of: (a) one (1) Business Day after the Confirmation Order becomes a Final Order; or (b) the date all conditions to the Effective Date have been satisfied or waived. Detailed voting instructions are provided with the Ballot accompanying this Disclosure Statement. Under the Plan, holders of Claims in Class 2 (General Unsecured Claims)

are entitled to vote to accept or reject the Plan. **To vote on the Plan, creditors within the aforementioned Class must complete the enclosed Ballot and mail it so that it is received by not later than the Voting Deadline, which is _____, 201__ at 5:00 p.m. (Prevailing Eastern Time), at the offices of Pick & Zabicki LLP, 369 Lexington Avenue, 12th Floor, New York, New York 10017, Attn: Douglas J. Pick, Esq. Votes may not be transmitted orally, by facsimile or by e-mail. If a Ballot is damaged or lost, you may contact Pick & Zabicki LLP at (212) 695-6000 to receive another. Any Ballot that is executed and returned but which does not indicate an acceptance or rejection of the Plan will not be counted.**

THE DEBTOR URGES THAT ALL CREDITORS ENTITLED TO VOTE, VOTE IN FAVOR OF THE PLAN.

II. DISCLAIMER

NO PERSON MAY BE GIVEN ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THAT DATE. ALL CREDITORS SHOULD READ CAREFULLY AND CONSIDER FULLY THIS DISCLOSURE STATEMENT BEFORE VOTING FOR OR AGAINST THE PLAN. TO THE EXTENT OF ANY INCONSISTENCY BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN SHALL CONTROL. TERMS USED IN THIS DISCLOSURE STATEMENT BUT THAT ARE NOT OTHERWISE DEFINED HEREIN HAVE THE MEANING ASCRIBED TO THEM IN THE PLAN AND, IF NOT DEFINED IN THE PLAN, THEN IN THE BANKRUPTCY CODE.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT, LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS THE EQUIVALENT OF A STATEMENT MADE IN FURTHERANCE OF SETTLEMENT NEGOTIATIONS.

THIS DISCLOSURE STATEMENT SUMMARIZES CERTAIN PROVISIONS OF THE PLAN, STATUTORY PROVISIONS, DOCUMENTS RELATED TO THE PLAN, EVENTS IN THE DEBTOR'S CHAPTER 11 CASE, AND FINANCIAL INFORMATION.

ALTHOUGH THE DEBTOR BELIEVES THAT THE PLAN AND RELATED DOCUMENT SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS. EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED, FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED FROM THE DEBTOR'S BOOKS AND RECORDS AND PUBLIC PLEADINGS. ALTHOUGH DILIGENT EFFORTS HAVE BEEN MADE TO PRESENT ACCURATE AND COMPLETE INFORMATION, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION IS WITHOUT SOME INACCURACY OR OMISSION.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN.

THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY, NOR SHALL IT BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST THE DEBTOR. ANY VALUE GIVEN AS TO ASSETS OF THE DEBTOR IS BASED UPON AN ESTIMATION OF SUCH VALUE. YOU ARE URGED TO CONSULT YOUR OWN COUNSEL AND FINANCIAL AND TAX ADVISORS IF YOU HAVE ANY QUESTIONS OR CONCERNS REGARDING TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN ON HOLDERS OF CLAIMS.

THE COURT-APPROVED NOTICE WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT, SPECIFIES THE DEADLINES, PROCEDURES, AND INSTRUCTIONS FOR VOTING TO ACCEPT OR REJECT THE PLAN AND FOR FILING OBJECTIONS TO CONFIRMATION OF THE PLAN. A FORM BALLOT FOR VOTING ON THE ACCEPTANCE OR REJECTION OF THE PLAN IS ALSO PROVIDED HEREWITH. EACH HOLDER OF A CLAIM ENTITLED TO VOTE ON THE PLAN SHOULD READ THE DISCLOSURE STATEMENT, THE PLAN AND THE ACCOMPANYING NOTICE IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN.

III. BACKGROUND CONCERNING THE DEBTOR, THE BANKRUPTCY FILING AND THE ADMINISTRATION OF THE DEBTOR'S ESTATE

A. Background Concerning the Debtor and His Bankruptcy Filing

1. The Debtor

The Debtor is a sixty-nine (69) year old retiree whose only income is Social Security. The Debtor has been married to Elizabeth Campbell ("Elizabeth Campbell") for the past thirty-

eight (38) years. Elizabeth Campbell is also sixty-nine (69) years old and similarly has no income other than Social Security. Over the course of the past several years, the Debtor and Elizabeth Campbell borrowed funds from friends and family members in order to pay their ongoing personal and household expenses.

2. The Debtor's Co-Ownership Interest in the Coop Shares

On or about March 17, 1978, the Debtor and Elizabeth Campbell, as joint tenants with right of survivorship, purchased eight hundred sixty (860) shares (the "Coop Shares") of Cannon Point South, Inc. (the "Canon Point South") and simultaneously entered into a proprietary lease (the "Proprietary Lease") with the Coop on a cooperative apartment located at 45 Sutton Place South, Unit 10F, New York, New York (the "Coop Unit"). Since that time, the Debtor and Elizabeth Campbell have occupied the Coop Unit as their permanent family home and primary residence. The Debtor's 50% co-ownership interest in the Coop Shares is his sole asset of significant value.

The Debtor has been advised by the Broker that the Coop Unit should be listed for sale for \$2,650,000.00. The Debtor's co-ownership interest in the Coop Unit is presently encumbered by: (a) a "homestead" exemption in favor of the Debtor in the amount of \$165,000.00 pursuant to New York Civil Practice Law and Rules §5206(a) (the "Homestead Exemption"); (b) a first priority statutory lien in favor of Canon Point South on account of unpaid maintenance in connection with the Coop Unit (totaling approximately \$32,467.76 as of November 30, 2016 and continuing to accrue at \$4,588.00 per month); and (b) a judgment lien in favor of James Holme (totaling approximately \$10,794,908.21 as of the Petition Date). As more fully discussed below, the Debtor has commenced an action seeking to avoid Mr. Holme's judgment lien as a preferential transfer of an interest of the Debtor in property.

3. Events Leading to the Debtor's Bankruptcy Filing

The Debtor had been a 25% shareholder and the former President of Global Minerals and Metals Corp. ("Global") which was in the business of buying and selling metals, minerals and commodity futures. In 1995, James Holme, who was also a 25% shareholder and officer of Global, informed Global that he was resigning from the company. On January 17, 1997, Mr. Holme entered into a Severance Agreement with Global, sold his shares in Global back to the company, and resigned his position with Global. The Severance Agreement provided for Global to pay Mr. Holme a total of \$15,000,000.00, \$12,000,000.00 of which was paid to Mr. Holme upon signing and the \$3,000,000.00 of which was payable by Global over time.

On or about November 21, 2000, Global commenced a court action against Mr. Holme on account of alleged breaches of the Severance Agreement and his fiduciary duties. In response, Mr. Holme asserted a counterclaim against Global seeking to recover the \$3,000,000.00 balance owed to him under the Severance Agreement. On May 3, 2006, a judgment was entered in favor of Mr. Holme and against Global in the sum of approximately \$5,100,000.00 (the "Global Judgment").

Ultimately, Global closed and the Debtor, among others, began operating a new company named GMMC LLC. On or about January 26, 2008, Mr. Holme commenced a new action against GMMC LLC, the Debtor and others, seeking to enforce the Global Judgment against them on the basis that GMMC was a successor in interest to Global and further seeking to avoid and recover certain alleged fraudulent transfers of property made by Global to the Debtor and other officers of Global. On March 5, 2014, a judgment was entered in favor of Mr. Holme and against the Debtor in the amount of \$8,429,737.85 (the "Holme Judgment").

Thereafter, and on or about July 12, 2015, Mr. Holme commenced a new action against Elizabeth Campbell seeking to avoid and recover certain alleged fraudulent transfers of property made to her by the Debtor. On June 17, 2016, a judgment was entered in favor of Mr. Holme and against Elizabeth Campbell in the amount of \$1,860,651.32.

In or about August, 2016, Mr. Holme issued and delivered an execution (the "Execution") to City Marshal Martin A. Bienstock (the "Marshal") against the personal property of the Debtor on account of the Holme Judgment entered against his (on account of which amounts totaling not less than \$10,794,908.21 were allegedly owed as of early August, 2016). Under New York law, upon Mr. Holme's issuance and delivery of the Execution to the Marshall, a lien arose on all non-exempt personal property of the Debtor including, without limitation, his interests in the Coop Shares and his leasehold in the Coop Unit (the "Holme Judgment Lien"). Mr. Holme similarly issued and delivered an execution to the Marshal against the personal property of Elizabeth Campbell.

4. The Debtor's Chapter 11 Filing

Faced with the imminent loss of his family home, and having been unsuccessful in his (and Elizabeth Campbell's) attempts to reach a settlement with Mr. Holme, the Debtor consulted with counsel to discuss the filing of a personal bankruptcy petition. The Debtor, upon the advice of counsel, determined that his interests and those of his creditors would be better served by staying further collection/enforcement efforts while the Debtor (and Elizabeth Campbell) continued his attempts to negotiate with Mr. Holme and his other creditors, to procure financing to fund such a settlement or, alternatively, to fund a plan of reorganization, to pursue a market sale of the Coop Unit to fund a settlement or, alternatively, to fund a plan of reorganization and/or to otherwise reorganize her financial affairs. On August 12, 2016, Elizabeth Campbell

sought relief under chapter 11 of the Bankruptcy Code (Case No. 16-12334 (MEW)). Thereafter, and on October 14, 2016 (the "Petition Date"), the Debtor similarly sought relief under chapter 11 of the Bankruptcy Code.

B. Administration of the Debtor's Estate

1. General Bankruptcy Information

Subsequent to the Petition Date, the Debtor continued to manage his property and affairs as a debtor-in-possession pursuant to §§1107 and 1108 of the Bankruptcy Code. The Debtor's Schedules of Assets and Liabilities, Schedules of Executory Contracts and Unexpired Leases, and Statement of Financial Affairs, were all filed with the Bankruptcy Court pursuant to Bankruptcy Rule 1007(b) (together, and as amended by the Debtor from time to time, the "Schedules"). No committee, trustee or examiner has been appointed with regard to the Debtor's case.

As of the Petition Date, the Debtor's assets consisted entirely of his co-ownership interest in the Coop Shares and the Proprietary Lease (the value of which the Debtor estimated to be approximately \$2,500,000.00) and miscellaneous personal property and effects personal property (*e.g.*, home furnishings, wardrobe, and the like, the value of which the Debtor estimated to be approximately \$3,875.00). The Debtor's liabilities consisted primarily of the amounts owed to Canon Point South on account of unpaid maintenance in connection with the Coop Unit (totaling \$18,120.00 as of the Petition Date), Mr. Holme under the Holme Judgment (totaling approximately \$10,794,908.00), credit card companies (totaling \$55,300), friends and family members on account of personal loans (totaling \$452,731.00), and attorneys on account of legal fees (totaling \$2,851,000.00). Some, but not all, of the Debtor's liabilities are jointly owed with Elizabeth Campbell.

2. Retention of Professionals

Upon her chapter 11 filing, the Debtor immediately began efforts to efficiently and expeditiously administer her bankruptcy estate. In furtherance thereof, the Debtor sought and was granted authority to retain the law firm Pick & Zabicki LLP as her general bankruptcy counsel with regard to her chapter 11 case. The Debtor also recently filed an application with the Bankruptcy Court seeking authority to retain Douglas Elliman Real Estate as her real estate broker to market the Coop Unit for sale to potential purchasers (the “Broker”). Although no Order has yet been entered approving its retention by the Debtor, the Broker is already in the process of “listing” the Coop Unit for sale (*e.g.*, taking photographs, preparing advertising materials and disclosures, posting the listing to the Broker’s website, and the like).

3. Joint Administration

By Order entered on November 17, 2016, and upon the joint application of the Debtor and Elizabeth Campbell, the Bankruptcy Court directed the joint administration of the chapter 11 cases of the Debtor and Elizabeth Campbell, for procedural purposes only, pursuant to Bankruptcy Rule 1015(b) which authorizes this Court to order the joint administration of the bankruptcy cases of a debtor and its affiliates.

4. Claim Solicitation

The Debtor and Elizabeth Campbell recently filed an application with the Bankruptcy Court seeking to establish a last date for potential creditors of the Debtor, both governmental and non-governmental, to file proofs of claim on account of pre-Petition Date obligations of the Debtor (the “Claims Bar Date”). The Debtor anticipates that an Order establishing a Claims Bar Date will be entered shortly and upon which a Bankruptcy Court-approved Notice to File Claims

will be mailed to all known or potential creditors and parties in interest in connection with the Claims Bar Date. The Debtor and his professionals will then undertake an analysis with regard to the scheduled and filed claims in an effort to reconcile the same.

5. Post-Petition Litigation With Mr. Holme

On October 24, 2016, the Debtor commenced an adversary proceeding against Mr. Holme in the Bankruptcy Court (Adv. Proc. No. 16-1243 (MEW)) seeking to avoid the Holme Judgment Lien, which arose in favor of Mr. Holme against the Coop Shares and/or the Debtor's leasehold in the Coop Unit within the ninety (90) days prior to the Petition Date, as a preferential transfer of an interest of the Debtor in property pursuant to §§547 and 550 of the Bankruptcy Code (the "Holme Adversary Proceeding"). A similar adversary proceeding was commenced against Mr. Holme by Elizabeth Campbell (Adv. Proc. No. 16-1241 (MEW)) concerning the judgment lien against her interest in the Coop Shares and/or her leasehold in the Coop Unit. On November 23, 2016, Mr. Holme filed an answer to the Debtor's complaint in the Holme Adversary Proceeding, generally denying the allegations set forth therein and asserting numerous affirmative defenses.

6. Post-Petition Motion Practice

On November 21, 2016, Mr. Holme filed a motion for entry of an Order converting the Debtor and Elizabeth Campbell's chapter 11 cases to cases under chapter 7 of the Bankruptcy Code and sought to have said motion heard by the Bankruptcy Court on shortened notice. The Debtor and Elizabeth Campbell intend to oppose said motion.

IV. OVERVIEW OF THE PLAN

A. Generally

The overall purpose of the Plan is to distribute value to the Debtor's creditors on a fair

and equitable basis and in accordance with the priorities established by law and/or by agreement. The Plan represents the culmination of the analyses conducted and efforts expended by the Debtor and her Professionals concerning the best means to maximize and allocate value to the Debtor's creditors. The Debtor has determined that the Plan provides the highest value to creditors and greatly exceeds any value that might otherwise be achievable in a liquidation under chapter 7 of the Bankruptcy Code. Accordingly, the Debtor recommends that the Plan be accepted by her creditors.

B. Implementation of the Plan

As briefly discussed above, the primary vehicle for the implementation of the Plan is a post-Confirmation sale of the Coop Unit. In furtherance thereof, the Coop Unit is presently being listed by the Broker with an asking price of \$2,650,000.00 with the goal of obtaining a "stalking horse" offer which can then be subjected to any higher or better offers at the Auction. The Debtor will be filing a motion seeking approval of Bid Procedures in connection with the sale of the Coop Unit, however the Debtor reserves the rights to seek approval of a sale of the Coop Unit on a private sale basis. The Debtor presently anticipates that a sale of the Coop Unit (which will require, among other conditions, the approval of the proposed purchaser by Canon Point South) can be consummated within the next sixty (60) to ninety (90) days.

Pursuant to §1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of any security and the making or delivery of any instrument of transfer in connection with or in furtherance of this Plan, including the deed or other instrument conveying the Coop Shares, shall be an instrument of transfer in connection with or in furtherance of the Plan and shall not be subject to tax under any law imposing a stamp tax, real estate Transfer Taxes, mortgage recording tax or similar tax, and, to the extent provided by §1146(a) of the

Bankruptcy Code, if any, shall not be subject to any state, local or federal law imposing sales tax. The Debtor's portion of the Sale Proceeds, net of the Homestead Exemption, will be used to fund the Distributions contemplated to be made under the Plan in order of legal priority.

All Distributions contemplated to be made under the Plan will be made on the Effective Date, provided however that no payment or Distribution shall be made with respect to any portion of a Disputed Claim unless and until all objections to such Disputed Claim are withdrawn or resolved by Final Order. On any date that Distributions are to be made under the terms of this Plan, the Disbursing Agent shall deposit in one or more segregated accounts, Cash equal to 100% of the Cash that would be distributed on such date on account of Disputed Claims as if each such Disputed Claim were an Allowed Claim but for the pendency of a dispute with respect thereto, including, but not limited to (i) Disputed Claims that may be entitled to treatment as Administrative Expenses or as priority claims pursuant to §§503 and 507 of the Bankruptcy Code, (ii) claims of governmental units for any tax and (iii) any amount due but not payable on the Effective Date on account of Administrative Expenses or claims entitled to priority pursuant to §§503 and 507 of the Bankruptcy Code. The Disbursing Agent shall also segregate any interest, dividends or proceeds of such Cash. Such Cash together with any interest, dividends or proceeds thereof, be held in trust for the benefit of the holders of all such Disputed Claims pending determination of their entitlement thereto. Within ten (10) days after the entry of a Final Order resolving an objection to a Disputed Claim, the Disbursing Agent shall distribute all Cash, including any interest, dividends or proceeds thereof, to which a holder is then entitled with respect to any Disputed Claim that has become an Allowed Claim. The Debtor's counsel, Pick & Zabicki LLP, will serve as Disbursing Agent under the Plan.

C. Summary of Classification and Treatment of Claims

Under the Plan, Claims against the Debtor are grouped into Classes according to their similarity with other Claims and their relative legal and contractual priorities. Under the Bankruptcy Code, only the holders of Allowed Claims in “impaired” Classes are entitled to vote and to receive Distributions under the Plan. The classification and treatment of such Claims are summarized below. All Claims other than Statutory Fees, Administrative Claims and Priority Tax Claims are placed in Classes under the Plan. The Debtor believes that this classification scheme is consistent with the requirements of the Bankruptcy Code.

1. Statutory Fees

The Debtor (and the Post-Confirmation Debtor) has a statutory duty to pay all outstanding amounts that may be due to the United States Trustee upon Confirmation, together with any fees due pursuant to 28 U.S.C. §1930(a)(6) through the date of the entry of a final decree closing the Chapter 11 Case, conversion of the case to chapter 7 or dismissal of the case.

The Debtor estimates that the unpaid Statutory Fees will not exceed \$7,500.00 as of the Effective Date of the Plan (inclusive of Statutory Fees that will be owed on the amounts proposed to be disbursed under the Plan on the Effective Date). Any Statutory Fees that are due on or prior to the Effective Date of the Plan, including any applicable interest, shall be paid on the Effective Date. Statutory Fees that may become due after the Effective Date shall be paid as they become due by the Post-Confirmation Debtor until the entry of a final decree closing the Chapter 11 Case, conversion of the case to chapter 7 or dismissal of the case.

2. Administrative Claims

Administrative Claims are defined in the Plan as the costs and expenses of administration

of the Debtor's chapter 11 case incurred on or after the Petition Date, and (except as to post-Petition Date obligations incurred and/or paid by the Debtor in the ordinary course) allowed by final order under §503(b) of the Bankruptcy Code. These claims include, without limitation, any actual and necessary expenses: (a) of preserving the Estate of the Debtor; (b) any costs and expenses of the Debtor and/or the Post-Confirmation Debtor for the management, maintenance, preservation, sale or other disposition of any assets; (c) the administration and implementation of the Plan; (e) the administration, prosecution or defense of Claims by or Claims against the Debtor and for Distributions under the Plan; and (f) any allowances of professional compensation and reimbursement of expenses to the extent allowed by an order of the Bankruptcy Court, whether arising before or after the Effective Date.

The only known potential Administrative Expense Claims are the amounts owed by the Debtor to Canon Point South on account of post-Petition Date maintenance with regard to the Coop Unit, to the Debtor's Professionals (including the Broker) on account of professional services rendered and reimbursable expenses incurred, and any closing costs or expenditures in connection with the sale of the Coop Unit that are customarily paid by the seller. If there is no significant litigation initiated or objections filed with respect to Confirmation of the Plan, and the Plan is confirmed within the next thirty (30) to ninety (90) days, and subject to the approval of the Bankruptcy Court, the Allowed Administrative Claims are estimated to be as follows (all amounts listed below are net of any retainer or other amounts paid to the listed Professionals prior to the date hereof):

| <u>Claimant</u> | <u>Amount</u> | <u>Description</u> | <u>Agreed Upon Treatment</u> |
|-------------------|---------------|---|---|
| Canon Point South | \$20,000.00 | Debtor's ½ Share of Estimated Post-Petition Maintenance as of the | Full payment on the Effective Date of the Plan. |

| <u>Claimant</u> | <u>Amount</u> | <u>Description</u> | <u>Agreed Upon Treatment</u> |
|---|---------------------|---|---|
| | | Effective Date | |
| Pick & Zabicki LLP | \$20,000.00 | Estimated Fees and Expenses to be Requested as Counsel to the Debtor (Net of Any Retainer Received) | Full payment on the Effective Date of the Plan. |
| Douglas Elliman Real Estate | \$62,500.00 | Debtor's ½ Share of Estimated Commission of 5% of Total Sale Price for Coop Unit (Assuming Sale for \$2,500,000.00) | Full payment on the Effective Date of the Plan. |
| Various | \$2,500.00 | Debtor's ½ Share of Estimated Share of Closing Costs and Expenditures | Full payment on the Effective Date of the Plan. |
| Total Estimated Allowed Administrative Claims: | \$105,000.00 | | |

The actual amounts of the Allowed Administrative Claims may increase or decrease from the amounts listed above prior to the Effective Date of the Plan and are subject to, among other things, the approval thereof by the Bankruptcy Court upon the submission of appropriate applications for allowances of compensation and reimbursement of expenses by the above-listed Professionals.

In accordance with certain mandatory provisions of the Bankruptcy Code, the Plan provides that holders of Allowed Administrative Claims will be entitled to full payment of their Claims: (a) in cash on the Effective Date; or (b) on such terms as are mutually agreed to by the holder of an Allowed Administrative Claim and the Debtor. Thus, Allowed Administrative Claims are unclassified under the Plan and holders of Allowed Administrative Claims are not entitled to vote on the acceptance or rejection of the Plan.

3. Priority Tax Claims

Priority Tax Claims are unclassified under the Plan and include claims for tax-related obligations that are entitled to priority under §507(a)(8) of the Bankruptcy Code. Generally, Priority Tax Claims are (subject to certain timing and date of assessment limitations) unsecured claims of “governmental units” (as defined in the Bankruptcy Code) based upon: (a) taxes measured by income or gross receipts; (b) property taxes; (c) withholding taxes; (d) employment taxes; (e) excise taxes; (f) customs duties; and (g) penalties based on actual pecuniary losses relating to the foregoing. These Priority Tax Claims include, among others, all taxes measured by income or gross receipts attributable to the three-year period immediately preceding the Petition Date (*i.e.*, from August 12, 2013 through the Petition Date).

As of the date hereof, no Priority Tax Claims have been asserted against the Debtor. The Plan nevertheless provides for payment in full of all Allowed Priority Tax Claims that may exist on the Effective Date or in equal and consecutive monthly installment payments in cash equal to the Allowed Amounts of such Claims, with interest thereon, over a period ending not later than five (5) years after the Petition Date absent the consent of the holders of the respective Allowed Priority Tax Claims, and commencing on the Effective Date. Allowed Priority Tax Claims are not classified under the Plan and the holders thereof are not entitled to vote on the acceptance/rejection of the Plan on account of said Claims.

4. Class 1 – Canon Point South Secured Claim

Class 1 consists of the Allowed Claim, if any, of Canon Point South on account of maintenance or other charges owed by the Debtor in connection with the Coop Unit as of the Effective Date. Under the Plan, the Allowed Amount of the Class 1 Canon Point South Secured

Claim will be fully paid, with interest at the applicable rate, if any, on the Effective Date.

Class 1 is not impaired under the Plan and, thus, Canon Point South is not entitled to vote as to the acceptance or rejection of the Plan on account of said Claim.

5. Class 2 – General Unsecured Claims

Class 2 consists of all Allowed General Unsecured Claims against the Debtor which consist of all Allowed Claims other than Statutory Fees, Administrative Claims, Priority Tax Claims, or Secured Claims. Under the Plan, holders of Allowed Class 2 General Unsecured Claims shall receive a Pro Rata Cash Distribution of the balance of the Sale Proceeds available after deduction of the Homestead Exemption and full payment of all Statutory Fees, Administrative Claims, Priority Tax Claims, and the Canon Point South Secured Claim in Class 1, but not to exceed payment in full plus interest at the legal rate, with such payment to be made (1) for Class 2 General Unsecured Claims that are Allowed as of the Effective Date, on the Effective Date, or (2) for Class 2 General Unsecured Claims that are Disputed Claims as of the Effective Date, within ten (10) days of a Disputed Claim becoming an Allowed Class 2 General Unsecured Claim.

The Debtor presently estimates that the foregoing will result in a recovery by holders of Allowed General Unsecured Claims of approximately 7% of the Allowed Amounts of their Claims.¹ However, holders of Allowed General Unsecured Claims should note that, as discussed above, no Claims Bar Date has been established in this case as of the date hereof. As such, the extent to which additional Claims may be asserted against the Debtor, and the potential objections, if any, which may be brought by the Debtor with regard thereto, is not presently clear. As a result, the amount, if any, eventually recovered by holders of Allowed General

¹ In light of the pending adversary proceeding seeking to avoid the Judgment Lien, the Allowed Claim of Mr. Holme is treated as a General Unsecured Claim under the Plan.

Unsecured Claims may differ from the Debtor's estimate thereof set forth herein.

Class 2 is impaired under the Plan and, thus, holders of General Unsecured Claims are entitled to vote as to the acceptance or rejection of the Plan on account of said Claim.

V. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Under §365 of the Bankruptcy Code, a debtor has the right, subject to approval of the Bankruptcy Court, to assume or reject executory contracts and unexpired leases. Although not defined in the Bankruptcy Code, an "executory contract" is usually described as a contract under which material performance (other than the payment of money) is due by each party. If an executory contract or unexpired lease is rejected under §365 of the Bankruptcy Code, the "rejection" is treated as a breach of the contract or lease prior to the Petition Date giving rise to a pre-petition unsecured claim. In addition, "rejection" damages are limited in certain contexts under §502 of the Bankruptcy Code. If an executory contract or unexpired lease is assumed, the Debtor has the obligation to cure any default and to perform its obligations thereunder in accordance with the terms of such agreement.

As discussed above, the Debtor is a party to the Proprietary Lease with regard to the Coop Unit. The Plan provides for the Debtor's assumption of the Proprietary Lease and the assignment thereof to the Successful Bidder as of the Effective Date in accordance with the provisions and requirements of §§365 and 1123 of the Bankruptcy Code.

Other than the Proprietary Lease, the Debtor is not aware of any other leases or executory contracts to which she may be a party. The Plan nevertheless provides that all executory contracts and unexpired leases to which the Debtor is a party as of the Effective Date (other than the Office Lease) which were not previously rejected, assumed, or assumed and assigned by the Debtor shall be deemed rejected and disaffirmed under the Plan as of the Effective Date in

accordance with the provisions and requirements of §§365 and 1123 of the Bankruptcy Code. All proofs of claim with respect to any Claims arising from the rejection of executory contracts or unexpired leases must be filed with the Bankruptcy Court within thirty (30) days after the mailing of notice of the entry of the Confirmation Order. The failure of any such counter party to file a proof of claim within the period proscribed shall forever bar it from asserting against the Estate any Claim for damages arising from the rejection of its executory contract or unexpired lease with the Debtor. The filing of any such proof of claim shall be without prejudice to any and all rights that the Debtor may have to object to the allowance thereof on any and all available grounds.

VI. OBJECTIONS TO AND ESTIMATION OF CLAIMS

From and after the Effective Date, the Debtor shall be the sole representative of the Estate with regard to objections to Claims. Under the Plan, the Debtor may continue to prosecute any objection to any Claim filed prior to Confirmation after the Effective Date. Any Claim subject to an objection which has not been adjudicated by Final Order or otherwise resolved prior to Confirmation will be treated as a Disputed Claim under the Plan. Any further objections to Claims shall be filed by the Debtor no later than one hundred twenty (120) days after the Effective Date, which deadline may be extended by the Court upon motion of the Debtor without notice. In the event that any Proof of Claim is filed or asserted after the Effective Date, the Debtor shall have ninety (90) days from the date of such filing or notice to object to such Claim, which deadline may be extended by the Court upon motion of the Debtor without notice. All objections shall be litigated to Final Order. The Plan reserves the right of the Debtor to compromise, settle, withdraw or resolve by any other method approved by the Bankruptcy Court, any such objections to Claims. As discussed above, no Claims Bar Date has been established in

this case as of the date hereof. As such, the extent to which additional Claims may be asserted against the Debtor, and the potential objections, if any, which may be brought by the Debtor with regard thereto, is not presently clear.

Under the Plan, the Debtors may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to §502(c) of the Bankruptcy Code regardless of whether the Debtors previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection. The Bankruptcy Court shall retain jurisdiction to estimate any such contingent or unliquidated Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. All of the aforementioned Claim objection, estimation and resolution procedures are cumulative and are not necessarily exclusive of one another. Claims may be estimated and thereafter resolved by any permitted method.

VII. CAUSES OF ACTION

Except as otherwise provided in the Plan, any and all Causes of Action² shall remain assets of the Estate pursuant to §1123(b)(3)(B) of the Bankruptcy Code on the Effective Date. Pursuant to §1123(b)(3)(B) of the Bankruptcy Code, only the Debtor, or the Post-Confirmation Debtor, as the case may be, shall have the right to pursue or not to pursue, or, subject to the terms of the Plan, compromise or settle Causes of Action owned or held by the Debtor and/or his Estate as of the Effective Date. From and after the Effective Date, the Debtor may commence, litigate, and settle any Causes of Action or rights to payment or claims that belong to the Debtor that may

² “Causes of Action” is defined in the Plan as “all claims, actions, third-party claims, counterclaims and crossclaims (including, without limitation, an avoidance, recovery, or subordination actions against insiders and/or any other persons or entities under §§510, 542, 543, 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code) in favor of the Debtor and/or the Estate existing on the Effective Date against any entity based in law or equity, whether direct, indirect, derivative or otherwise, and whether asserted or unasserted as of the date of entry of the Confirmation Order.”

be pending on the Effective Date (including, without limitation, the Holme Adversary Proceeding) or instituted by the Debtor after the Effective Date, except as otherwise expressly provided in the Plan. Other than as set forth herein, no other Person may pursue such Causes of Action after the Effective Date. The Bankruptcy Court shall retain jurisdiction to adjudicate any and all Causes of Action whether commenced prior to or after the Effective Date.

Creditors should note that the benefits, if any, whether in the form of monetary recoveries, setoffs, recoupments, defenses and the like, of all Causes of Action shall inure to the benefit of the Debtor and not any creditors. As such, recoveries by creditors under the Plan shall not be affected by the pursuit, non-pursuit or outcome of any Causes of Action.

The Debtor has reviewed her records with counsel and believes that all of her pre-Petition Date payments and transfers were made in the ordinary course. As such, and with the preferential transfer arising from the Holme Judgment Lien that is at issue in the Holme Adversary Proceeding, the Debtor does not believe that any preferential transfers, fraudulent conveyances or other actionable transfers were made prior to or after the Petition Date. Accordingly, the Debtor does not believe that there are any other potential Causes of Action under Chapter 5 of the Bankruptcy Code in her favor which would benefit its Estate and, as such, the Debtor does not anticipate that any post-Confirmation litigation to recover on Causes of Action under Chapter 5 of the Bankruptcy Code will be pursued. The Debtor is also not presently aware of the existence of any other potential Causes of Action in her favor. The Debtor nevertheless reserves all rights concerning any Causes of Action to the extent that any such Causes of Action may exist.

VIII. LEGAL EFFECTS OF CONFIRMATION OF THE PLAN

1. Binding Effect

Pursuant to §1141(a) of the Bankruptcy Code, once confirmed, the provisions of the Plan shall be binding upon the Debtor, all creditors and other parties in interest, regardless of whether they cast a Ballot to accept or reject the Plan.

2. Discharge

Pursuant to §1141(d)(1) of the Bankruptcy Code, except as otherwise specified in the Plan, the Confirmation Order and/or §1141 of the Bankruptcy Code, the Confirmation of the Plan shall discharge the Debtor from any and all debts arising prior to the date of Confirmation.

3. Limitation of Liability in Connection with the Plan

Pick & Zabicki LLP, as Disbursing Agent in connection with the Distributions under the Plan, shall incur no liability, whatsoever, for any action taken, or failure to act, except for its own gross negligence, willful misconduct, breach of fiduciary duty, criminal conduct and/or any disclosure of confidential information that causes damages. Further, the Debtor and her Professionals shall have or incur no liability to the extent allowed under §1125(e) of the Bankruptcy Code and, in all respects, the Debtor and her Professionals shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. Nothing in the Plan shall limit the liability of the Professionals of the Debtor pursuant to N.Y. Comp. Codes R. & Regs. Title 22, Section 1200.0, Rule 1.8(h)(1).

4. Revesting of Assets

Consistent with §§1123(a)(5)(A) and 1141 of the Bankruptcy Code, and except as may be otherwise provided in this Plan, title to all assets and property of the estate of the Debtor shall

pass to, and vest in, the Post-Confirmation Debtor free and clear of all Claims, Liens, charges and other rights of creditors arising prior to the Effective Date. On and after the Effective Date, the Post-Confirmation Debtor may conduct her financial affairs and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules and the Bankruptcy Court, except as otherwise provided in this Plan or in the Confirmation Order.

IX. RETENTION OF JURISDICTION

The Bankruptcy Court shall retain jurisdiction over this proceeding under the provisions of the Bankruptcy Code, including, without limitation, §1142(b) thereof and the Bankruptcy Rules, to ensure that the intent and the purpose of the Plan is carried out and given effect. Without limitation by reason of specification, the Bankruptcy Court shall retain jurisdiction for the following purposes:

- (a) To consider any modification of the Plan pursuant to §1127 of the Bankruptcy Code and/or any other modification of the Plan after substantial consummation thereof;
- (b) To hear and determine:
 - (i) all controversies, suits and disputes, if any, as may arise in connection with the interpretation, implementation, consummation or enforcement of the Plan;
 - (ii) all controversies, suits and disputes, if any, as may arise between or among the holders of any Class of Claim and the Debtor including, without limitation, proceedings to determine the allowance, classification, amount, or priority of Claims;
 - (iii) all rights or Causes of Action which may exist on behalf of the estate, including actions commenced to recover preferential transfers, accounts receivable and other property of the estate;
 - (iv) applications for allowance of compensation and expense reimbursement of professionals for periods prior to the Effective Date;
 - (v) any and all applications, adversary proceedings and litigated matters;

- (vi) to enter a final decree closing the Chapter 11 Case; and
- (vii) to the extent not expressly provided for above, any and all disputes arising under the Plan and proceedings in aid of the administration and/or consummation of the Plan.

**X. CONDITIONS TO CONFIRMATION, EFFECTIVE DATE
AND CONSUMMATION OF THE PLAN**

It is a condition to Confirmation of the Plan that (a) the Confirmation Order shall approve in all respects all of the provisions, terms and conditions of the Plan, and (b) the Confirmation Order is satisfactory to the Debtor in form and substance.

The Plan shall not become effective unless and until each of the following conditions has been satisfied or waived:

- (a) The Bankruptcy Court shall have entered the Confirmation Order;
- (b) The Bankruptcy Court shall have entered the Sale Approval Order;
- (c) The Confirmation Order and the Sale Approval Order shall have become a Final Orders; and
- (d) All actions requires to be taken to implement the Confirmation Order including, but not limited to, the Closing on the sale of the Coop Unit and the deposit of the Sale Proceeds with the Disbursing Agent, having occurred.

The Debtor may at any time, without notice or authorization of the Bankruptcy Court, waive any or all of the foregoing conditions. The failure of the Debtor to satisfy or waive such condition may be asserted by the Debtor regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any actions taken by the Debtor). The Debtor reserves the right to assert that any appeal from the Confirmation Order shall be moot after substantial consummation of the Plan. In the event that the aforementioned conditions have not occurred or been waived on or before two hundred and forty (240) days after the Confirmation

Date, the Confirmation Order may be vacated upon order of the Bankruptcy Court made on the request of the Debtor or any party in interest and an opportunity for parties in interest to be heard.

XI. IMPORTANCE OF OBTAINING PROFESSIONAL TAX ASSISTANCE

The tax consequences of the Plan may impact the decision of the holder of a Claim in determining whether to accept or reject the Plan. Moreover, the tax consequences will vary depending upon the individual circumstances of holder of a Claim.

The following discussion summarizes certain material U.S. federal income tax consequences of the Plan to the holders of Class 2 General Unsecured Claims. The summary is provided for informational purposes only and is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), the treasury regulations promulgated thereunder, judicial authority and current administrative rulings and practice, all as in effect as of the date hereof and all of which are subject to change, possibly with retroactive effect. This summary does not address all aspects of federal income taxation that may be relevant to a particular holder of a Claim in light of its particular facts and circumstances or to particular types of holders of Claims subject to special treatment under the Tax Code and also does not discuss any aspects of state, local, or foreign taxation. Additionally, a substantial amount of time may elapse between the Effective Date and the receipt of the final distribution under the Plan. Events subsequent to the date of this Disclosure Statement, such as the enactment of additional tax legislation, court decisions or administrative changes, could affect the federal income tax consequences of the Plan and the transactions contemplated thereunder. No ruling will be sought from the Internal Revenue Service with respect to any of the tax aspects of the Plan and no opinion of counsel has heretofore been obtained by the Debtor as proponent of the Plan with respect thereto.

Accordingly, each holder of a Claim should consult his, her or its own tax advisor to determine what effect, if any, the treatment afforded its respective Claim under the Plan may have under federal, state and/or local tax laws, and the laws of any applicable foreign jurisdictions.

On the exchange of its Claim for cash and/or property, each holder of a Claim in Class 2 will recognize gain or loss measured by the difference between: (a) the aggregate fair market value of the cash and/or property received; and (b) such holder's tax basis in the Claim. To the extent that the cash and/or property received by a holder of a Claim is attributable to accrued interest on such Claim, the cash and/or property received will be deemed made in payment of such interest. Conversely, a holder of a Claim will recognize a deductible loss to the extent any accrued interest previously included in its gross income is not paid in full. The allocation for federal income tax purposes between principal and interest of amounts received in exchange for the discharge of a Claim at a discount is not clear. However, the Debtor intends to treat any amount received by holders of Claims as first allocated to principal.

Where gain or loss is recognized by a holder in respect of its Claim, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including but not limited to: (a) the nature or origin of the Claim; (b) the tax status of the holder; (c) whether the Claim constitutes a capital asset in the hands of the holder and how long it has been held; (d) whether the Claim was acquired at a market discount; and (e) whether and to what extent the holder had previously claimed a bad debt deduction with respect to the Claim. Any cash and/or property received by a holder of a Claim after the Effective Date may be subject to the imputed interest provisions of the Tax Code.

No statement in this Disclosure Statement should be construed as legal or tax advice.

The Debtor and her Professionals do not assume any responsibility or liability for the tax consequences the holder of a Claim may incur as a result of the treatment afforded its Claim under the Plan. Again, all holders of Claim are urged to consult with their own tax advisor regarding the potential tax consequences of the Plan.

CIRCULAR 230 DISCLOSURE: This tax discussion was written to support the promotion or marketing of the Plan. To ensure compliance with requirements imposed by the Internal Revenue Service, we are informing you that this discussion was not intended or written to be used, and cannot be used, by any person for the purpose of avoiding tax-related penalties that may be imposed on the taxpayer under the Tax Code. Taxpayers should seek advice based on their particular circumstances from an independent tax advisor.

XII. GENERAL INFORMATION REGARDING CONFIRMATION PROCEDURE AND VOTING

A. Plan Confirmation Process

1. Requirements.

The requirements for Confirmation of the Plan are set forth in detail in §1129 of the Bankruptcy Code. The following summarizes some of the more salient requirements for such Confirmation:

(a) Acceptance by Impaired Classes. As discussed in further detail below, except to the extent that the “cramdown” provision of §1129(b) of the Bankruptcy Code may be invoked, each impaired Class of Claims must vote to accept the Plan. “Impaired” is defined in §1124 of the Bankruptcy Code. A Claim is “impaired” unless the Plan leaves unaltered the legal, equitable and/or contractual rights of the holder thereof. In order for the Plan to be accepted by an impaired Class of Claims, a majority in number and two-thirds in dollar amount of the Claims

voting in the impaired Class of Claims must vote to accept the Plan, or the Plan must qualify for “cramdown” of any non-accepting Class pursuant to §1129(b) of the Bankruptcy Code. Although the Debtor does not anticipate having to resort to the “cramdown” provisions of the Bankruptcy Code, the Debtor suggests that creditors and parties in interest may wish to consult with counsel concerning these provisions.

(b) Feasibility. The Bankruptcy Court is required to find that the Plan is likely to be implemented and that the parties required to perform or pay monies under the Plan are likely to be able to do so.

(c) “Best Interests” Test. The Bankruptcy Court must find that the Plan is in the “best interests” of creditors. To satisfy this requirement, the Bankruptcy Court must determine that each holder of a Claim against the Debtor: (i) has accepted the Plan; or (ii) will receive or retain under the Plan money or other property which, as of the Effective Date, has a value not less than the amount which such holder would receive if the Debtor’s property were liquidated under chapter 7 of the Bankruptcy Code on that date.

2. Confirmation Hearing

To confirm the Plan, the Bankruptcy Court must hold a hearing to determine whether the Plan meets the Requirements of §1129 of the Bankruptcy Code (the “Confirmation Hearing”). **The Confirmation Hearing will be held at the United States Bankruptcy Court for the Southern District of New York, before the Honorable Michael E. Wiles, United States Bankruptcy Judge, One Bowling Green, New York, New York 10004, on _____, 201__ at _____ a.m./p.m. (Prevailing Eastern Time).**

3. Objections to Confirmation

Any creditor or party-in-interest wishing to object to Confirmation of the Plan must state

such objection in writing and appear at the Confirmation Hearing to pursue same. **Any objection must be filed with the Clerk of the Bankruptcy Court, with a courtesy copy sent to the chambers of the Honorable Michael E. Wiles, and served upon the following parties so as to be actually received by _____, 201__ at 5:00 p.m. (Prevailing Eastern Time) by: (i) Pick & Zabicki LLP, 369 Lexington Avenue, 12th Floor, New York, New York 10017; and (ii) the Office of the United States Trustee, U.S. Federal Office Building, 201 Varick Street, Suite 1006, New York, New York 10014.**

4. Effect of Confirmation

As discussed above, upon entry of the Confirmation Order, the Plan shall be binding upon the Debtor, all creditors and other parties in interest, regardless of whether they cast a Ballot to accept or reject the Plan.

B. Voting on the Plan

1. Who May Vote

Pursuant to §1126 of the Bankruptcy Code, only the holders of Claims in Classes that are impaired under the Plan may vote on the Plan.

2. Classes Under the Plan

Under the classification scheme provided in the Plan, Class 1 consists of the Canon Point South Secured Claim and Class 2 consists of all General Unsecured Claims against the Debtor.

3. Impairment of Claims

Under the Plan, the Claim in Class 1 is not impaired. The Claims in Class 2 are impaired.

4. Voting

Being impaired, holders of Claims in Class 2 are entitled to vote on the Plan. Being unimpaired, the holder of the Claim in Class 1 is not entitled to vote on the Plan. This

Disclosure Statement is being distributed for informational purposes to all creditors and parties-in-interest without regard to their right to vote on the Plan. If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for that purpose.

5. Estimation of Claims for Voting Purposes

Solely for the purposes of voting on the Plan, and for no other purpose, each holder of an Allowed Claim shall include on its Ballot the amount which such Claimant believes is due to it from the Debtor. THIS AMOUNT SHALL NOT BE DEEMED IN ANY MANNER TO BE THE ALLOWED AMOUNT OF SUCH CLAIM. THE ALLOWED AMOUNT WILL ONLY BE DETERMINED AS PROVIDED IN THE PLAN. The amount set forth on the Ballot is solely for the purpose of voting upon the Plan and for the calculation of whether the Plan shall have been accepted in accordance with §1129(a) of the Bankruptcy Code.

If a Claimant holds more than one Claim in any one particular Class, all Claims of such holder in such particular Class shall be aggregated and deemed to be one Claim for purposes of determining the number and amount of Claims in such Class voting on the Plan.

6. Binding Effect

Whether a Claimant votes on the Plan or not, such person shall be bound by the terms of the Plan if the Plan shall be confirmed by the Bankruptcy Court. Unless a Ballot shall be completed and returned in accordance with the approved Bankruptcy Court procedures, a Claimant will not be included in the vote for purposes of accepting or rejecting the Plan or for purposes of determining the number of Persons voting on the Plan.

7. Voting Procedure and Deadlines

In order for your vote to accept or reject the Plan to be tabulated, you must complete, date, sign and properly mail the enclosed Ballot to counsel to the Debtor at the

following address: Pick & Zabicki LLP, 369 Lexington Avenue, 12th Floor, New York, New York 10017, Attn: Douglas J. Pick, Esq.

Pursuant to Rule 3017 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), the Bankruptcy Court has ordered that original Ballots for the acceptance or rejection of the Plan must be received by counsel to the Debtor at the address set forth above on or before _____, 201__ at 5:00 p.m. (Prevailing Eastern Time). Once you have delivered or mailed your Ballot, you may not change your vote, except for cause shown to the Bankruptcy Court after notice and a hearing. Ballots or votes on the acceptance or rejection of the Plan cannot be transmitted orally or by facsimile.

Any Ballot received by counsel to the Debtor that does not identify the Claimant, or is unsigned, or which does not indicate acceptance or rejection, or (unless Claimant’s Claim is listed as undisputed, not contingent and fully liquidated in the Debtor’s current schedules of liabilities) does not include the amount believed to be owed such Claimant, shall not be counted as a vote, either to accept or reject the Plan.

You are urged to complete, date, sign, and promptly mail the enclosed Ballot. Please be sure to complete the Ballot properly and legibly identify the amount of your Claim and the name of the Claimant.

XIII. FEASIBILITY OF THE PLAN

In order to confirm the Plan, the Bankruptcy Code requires that the Bankruptcy Court must find that the Plan is likely to be implemented and that the parties required to perform or pay monies under the Plan are likely to be able to do so. The Bankruptcy Court must further find that Confirmation of the Plan is not likely to be followed by liquidation or the need for further financial reorganization of the Debtor.

Because the Plan contemplates and will be funded entirely by the sale of the Debtor's primary asset, *i.e.*, the Coop Unit, feasibility is largely irrelevant. The funds needed to make all of the Distributions called for under the Plan will be available upon the Closing of a sale of the Coop Unit. The Plan does not provide for any post-Confirmation payments to be made by the Post-Confirmation Debtor on account of any pre-Confirmation Claims. The Debtor will continue to receive Social Security and believes that such amounts will be sufficient to pay his ordinary personal and household expenses. Accordingly, the Debtor believes that the Plan is feasible and that Confirmation is not likely to be followed by the liquidation or further financial reorganization of the Debtor.

XIV. BEST INTERESTS

Notwithstanding acceptance of the Plan by the requisite number of impaired Classes of Claims, the Bankruptcy Court must independently determine that the Plan provides each member of each impaired Class of Claims a recovery that has a value at least equal to the value of the Distribution that each such creditor would receive if the Debtor was liquidated under chapter 7 of the Bankruptcy Code on the Effective Date.

The Debtor believes that the Plan is in the best interests of creditors because it maximizes the value of the Debtor's primary asset while providing an immediate and definite recovery by creditors which would not be achievable if the Debtor were liquidated in chapter 7. The Debtor presently estimates that, under the scenario presented under the Plan, holders of General Unsecured Claims will receive immediate recovery equal to approximately 7% of their Allowed Claims on the Effective Date. In contrast, in the event of a liquidation of the Debtor under chapter 7 of the Bankruptcy Code, it is likely that any distribution to holders of General

Unsecured Claims would be substantially less than they would receive under the Plan and would likely be substantially delayed while the expenses of the estate continued to grow in the form of accruing interest, maintenance and real property taxes, the substantial additional expenses of administration, including a chapter 7 trustee's commissions and fees for such trustee's counsel, accountants, and other professionals likely to be retained, and other amounts incurred with priority over General Unsecured Claims, potentially diluting the recovery by holders thereof. The sale of the Coop Unit under the Plan, as opposed to a sale in a chapter 7, also provides the additional benefit of being exempt from Transfer Taxes (a savings of approximately \$45,750.00 if the sale price for the Coop Unit is \$2,500,000.00) that would otherwise need to be paid by the Estate. Thus, the Debtor respectfully submits that the Plan is in the best interests of creditors. In order to illustrate this point, the Debtor and his professionals have prepared the Liquidation Analysis attached hereto as *Exhibit "B"*.

XV. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtor has evaluated alternatives to the Plan, including alternative Plan structures and terms; the adoption of a plan of liquidation; and the pursuit of various litigation strategies. While the Debtor has concluded that the Plan is the best alternative and will maximize recoveries by holders of Allowed Claims, if the Plan is not confirmed, the Debtor or any other party-in-interest could attempt to formulate and propose a different plan or plans of reorganization. Further, if no plan of reorganization can be confirmed the Debtor's chapter 11 case may be dismissed or converted to a chapter 7 case. In a liquidation case under chapter 7, the proceeds of the liquidation would be distributed to the respective creditors of the Debtor in accordance with the priorities established by the Bankruptcy Code and contractual priorities. However, the Debtor believes that holders of Allowed Claims would receive substantially less under chapter 7

and will be paid more quickly under the Plan as discussed more fully above. Accordingly, the Debtor believes that Confirmation and consummation of the Plan is preferable to the alternatives described above.

XVI. RECOMMENDATION AND CONCLUSION

For all of the reasons set forth in this Disclosure Statement, the Debtor believes that the Confirmation and consummation of the Plan is the best means available to provide the greatest level of recovery to creditors in accordance with their legal and contractual rights. **Consequently, the Debtor urges all holders of Allowed Claims in Class 2 to accept the Plan and to evidence their acceptance by duly completing and returning their Ballots so that they will be received on or before _____, 201__ at 5:00 p.m. (Prevailing Eastern Time).**

Dated: New York, New York
November 23, 2016

Respectfully submitted,

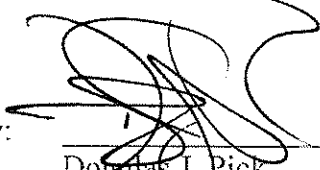
By:


Robert David Campbell, Debtor-In-Possession

READ AND APPROVED:

PICK & ZABICKI LLP
Counsel to the Debtor

By:



Douglas J. Pick
369 Lexington Avenue, 12th Floor
New York, New York 10017
(212) 695-6000