

PENACHIO MALARA LLP
Counsel for the Debtor
235 Main Street
White Plains, New York 10601
(914) 946-2889

Anne Penachio, Esq.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

----- X

In re

CHAPTER 11

THE CRYSTAL SPOON CORP.,

CASE NO.: 16-22238(rdd)

Debtor.

----- X

SMALL BUSINESS DISCLOSURE STATEMENT

PENACHIO MALARA LLP
235 Main Street
Suite 610
White Plains, NY 10601
(914) 946-2889

TABLE OF CONTENTS

I. Introduction2

A. Purpose of Disclosure Statement2

B. Deadlines for Voting and Objection.....3

C. Disclaimer.....4

D. Debtor’s Recommendation5

II. Background5

A. Description, History and Management of the Debtor’s Business.....5

B. Insiders of the Debtor7

C. Events Leading to the Chapter 11 Filing7

D. Significant Events During the Chapter 11 Case7

E. Projected Recovery of Avoidable Transfers.....8

F. Claims and Objections.....8

G. Current and Historical Financial Information.....9

III. Summary of the Plan9

A. Purpose of the Plan.....9

B. Unclassified Claims: Administrative Claims.....9

C. Classes of Claims and the Equity Interest10

 Class 1: Secured Claims10

 Class 2: Arrears Claim of the Landlord.....10

 Class 3: Priority Unsecured Claims11

 Class 4: General Unsecured.....12

D. Means of Implementing the Plan12

E. Risk Factors13

F. Executory Contracts and Unexpired Leases.....13

G. Tax Consequences of the Plan13

IV. CONFIRMATION REQUIREMENTS.....13

V. EFFECT OF CONFIRMATION.....18

VI. RECOMMENDATION AND CONCLUSION.....19

VII. AMENDMENT.....20

I. Introduction

This is the disclosure statement (the “Disclosure Statement”) in the small business chapter 11 case of The Crystal Spoon Corp., debtor and debtor-in-possession (“Debtor”). The Disclosure Statement contains information about the Debtor and describes the Debtor’s Plan of Reorganization, dated December 20, 2016 (the “Plan”). A full copy of the Plan is attached to the Disclosure Statement as Exhibit A and is submitted herewith.

Capitalized terms used in the Disclosure Statement shall have the respective meanings set forth in the Plan.

YOUR RIGHTS MAY BE AFFECTED. YOU SHOULD READ THESE PAPERS CAREFULLY AND DISCUSS THEM WITH YOUR ATTORNEY, IF YOU HAVE ONE. IF YOU DO NOT HAVE AN ATTORNEY, YOU MAY WISH TO CONSULT ONE.

The proposed distributions under the Plan are discussed at pages 10 to 13 of this Disclosure Statement. Holders of Allowed Unsecured Claims are classified in Class 4 and will receive a distribution on their Claims based upon the liquidation value of the Debtor, payable over approximately five years, without interest.

A. Purpose of Disclosure Statement

The Disclosure Statement describes:

- The Debtor and significant event during the chapter 11 bankruptcy case;
- How the Plan proposes to treat Claims or Interests of the type you hold (*i.e.*, what you will receive on your Claim or Interest if the Plan is confirmed)
- Who can vote on or object to the Plan;

- What factors the Court will consider when deciding to confirm the Plan;
- Why the Debtor believes the Plan is feasible, and how the treatment of your Claim or Interest under the Plan compares to what you would receive in liquidation; and
- The effect of Confirmation of the Plan.

BE SURE TO READ THE PLAN, TOGETHER WITH THE DISCLOSURE STATEMENT. THE DISCLOSURE STATEMENT DESCRIBES THE PLAN, BUT IT IS THE PLAN ITSELF, THAT WILL, IF CONFIRMED, ESTABLISH YOUR RIGHTS.

B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan described in the Disclosure Statement. This section describes the procedures pursuant to which the Plan will, or will not, be confirmed.

1. Time and Place of the Hearing to Approve this Disclosure Statement and Confirm the Plan

The hearing at which the Court will determine whether to approve this Disclosure Statement and confirm the Plan will take place on January 24, 2017 at 10:00 a.m. in the Courtroom of the Honorable Robert D. Drain, at the United States Bankruptcy Court for the Southern District of New York, 300 Quarropas Street, White Plains, NY 10601. The Debtor has followed the procedures set forth in Bankruptcy Code Sections 1129 for confirmation of a Small Business Plan.

2. Deadline for Voting to Accept or Reject the Plan

If you are entitled to vote to accept or reject the Plan, vote on the enclosed ballot and return the ballot to Penachio Malara, LLP as explained more fully below. See Section IV. A below for a discussion of voting eligibility requirements.

YOUR BALLOT MUST BE RECEIVED BY 5:00 PM NEW YORK TIME ON JANUARY 17, 2017 OR IT WILL NOT BE COUNTED. YOU MUST SUBMIT YOUR BALLOT TO COUNSEL FOR THE DEBTOR, PENACHIO MALARA, LLP BY (I) FACSIMILE TO (914) 946-2882; (II) ELECTRONIC MAIL TO ANNE@PMLAWLLP.COM; OR (III) FIRST CLASS OR OVERNIGHT MAIL TO 235 MAIN STREET, SUITE 610, WHITE PLAINS, NY 10601.

3. Deadline for Objecting to the Adequacy of the Disclosure Statement and Confirmation of the Plan

Objections to the Disclosure Statement or to confirmation of the Plan must be filed with the Court and served upon (a) the attorney for the Debtor, Penachio Malara LLP, 235 Main Street, White Plains, NY 10601 and (b) the United States Trustee, 201 Varick Street, Room 1006, New York, NY 10014 on or before January 17, 2017.

4. Identity of Person to Contact for More Information

If you want additional information about the Plan, you should contact the attorney for the Debtor, Penachio Malara LLP, 235 Main Street, White Plains, NY 10601.

C. Disclaimer

The Court has not approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for Confirmation. The Court's approval of this Disclosure Statement is subject to final approval at the hearing on Confirmation of the Plan. Objections to the adequacy of this Disclosure Statement may be filed until January 17, 2017.

D. Debtor's Recommendation

The Debtor believes that confirmation of the Plan is in the best interests of all creditors and strongly recommends that all holders of Claims in Classes entitled to vote for the Plan vote to accept the Plan.

II. Background

A. Description, History and Management of the Debtor's Business

The Debtor is a New York Corporation with its principal place of business at 175 Clearbrook Road, Elmsford, NY 10523 (the "Premises") which it leases from Mack-Cali Realty Corporation (the "Landlord"). The Debtor is in the business primarily of co-packing and distributing prepared meals. The Debtor's business includes: (i) Traditional business of delivery of prepared meals; (ii) On-site catering and barbeques; (iii) Top Chef Meals; and (iv) Food production for the Farmer's Dog. The Debtor has approximately 54 full-time employees.

The primary aspects of the Debtor's business are described below.

Traditional Business

The Debtor's traditional business is the preparation and delivery of prepared well-balanced meals. Such meals are delivered primarily to home bound senior citizens many of whom rely on the Debtor as their primary source of nourishment. The Debtor is paid, in many instances, by insurance companies, Medicaid, and welfare organizations. The Debtor has spent considerable time promoting this aspect of its business and expects growth to continue. This expectation is based upon demographics and an increase in the aging population.

Top Chef Meals

The Debtor has spent many months developing and promoting its organic, upscale meal division known as Top Chef Meals. The website www.topchefmeals.com provides a description of the business. The division's motto is: "Cook Less, Eat Smart, Save Money." The concept is unique and there is limited competition. Growth in the Top Chef Meals division has been exponential. Based upon past performance and market studies, the Debtor projects that sales will more than double over the next 18 months. This projection is based largely upon trends among consumers who range in age from 30 to 60.

On Site Catering and Barbeque

The Debtor provides on-site catering, boxed lunches and barbeques to various organizations and companies. During the past few years, the barbeque business has grown considerably. While this aspect of the business is largely seasonal, the Debtor is continuing to expand it to extend for longer periods (i.e. April through October).

The Farmer's Dog

In April 2016, the Debtor entered into a food production agreement with the Farmer's Dog, Inc. (the "Farmer's Dog") for production and distribution of its human grade pet food line. The Court is respectfully referred to the website, <https://www.thefarmersdog.com>, for more information about the company. The Farmer's Dog has received numerous accolades for its high quality products and innovative marketing plan. The Debtor has been producing approximately 4,600 pounds of product per week for the Farmer's Dog. The Debtor has billed the Farmer's Dog approximately \$48,000.00 per month. Upon information and belief, the Farmer's Dog has a "waiting list" of more than 2,000 prospective customers. As a result of the increased demand,

the Farmer's Dog has requested that the Debtor increase its production tenfold to a level of approximately 46,000 pounds per week.

B. Insiders of the Debtor

The Debtor's sole shareholder is Paul Ghiron.

Paul Ghiron is the Debtor's president. During the two years prior to the Filing Date, Mr. Ghiron received limited salary and benefits including payment by the Debtor for a portion of his auto insurance and reimbursement of business related expenses.

The Debtor has approximately 54 full-time non-insider employees. No employees have any interest in the Debtor, other than Mr. Ghiron.

C. Events Leading to the Chapter 11 Filing

The Debtor's bankruptcy filing was the result of a decline in revenue for several years. The decline was due to the general setbacks in the economy, loss of business when 3 customers breached contracts, and losses from customers' failure to pay. The Debtor's Chapter 11 filing was immediately precipitated by the seizure of bank accounts by a judgment creditor.

D. Significant Events During the Chapter 11 Case

Retention of Attorney for Debtor - By Order of this Court, Penachio Malara, LLP, is authorized to serve as counsel to the Debtor with compensation subject to the approval of the Court in accordance with the Code and Bankruptcy Rules.

Creditors' Committee - No Committee of Unsecured Creditors was appointed in the Debtor's chapter 11 case.

Deadline for Filing Claims - By Order of the Court dated May 17, 2016, the Court established June 22, 2016 as the deadline for any party to file a proof of pre-petition Claim against the Debtor. Any party that did not file a proof of Claim on or before such deadline and was not

listed by the Debtor in its Schedules as holding a Claim that was not contingent, unliquidated or disputed, is not entitled to vote such Claim or receive any distribution in respect of the Claim under the Plan.

Monthly Operations - Since the Filing Date, the Debtor has continued to operate profitably as reflected on the monthly reports.

Assumption of Lease – The Debtor assumed its lease for the Premises with the Landlord. A copy of the Stipulation and Order approving the assumption is annexed hereto as Exhibit B (the “Assumption Order”). The Assumption Order requires the Debtor to cure its arrears of \$275,942.06 by making installment payments to the Landlord. The schedule of installment payments is set forth in Exhibit B hereto. The Debtor is current with such payments. The final payment is due on April 15, 2018.

E. Projected Recovery of Avoidable Transfers

The Debtor has reviewed its books and records for the 2 years prior to its Chapter 11 filing and does not believe that it has any viable basis to pursue any preference, fraudulent conveyance or other avoidance actions.

F. Claims and Objections

The deadline for filing claims against the Debtor was June 22, 2016. A summary of the Claims filed is annexed hereto as Exhibit C. The Schedule includes claims listed as non-contingent, undisputed and unliquidated.

The Debtor is undertaking a claims analysis. It believes that several claims are objectionable. Several claims appear to be excessive and the Debtor is in the process of communicating with the various creditors in an effort to resolve same. The Debtor may move to

reduce or expunge the claims of New York State and several trade creditors or otherwise resolve same. A Disputed Claims Reserve will be established for any Disputed Claims.

G. Current and Historical Financial Information

The Debtor's most recent monthly operating report for the month of October 2016, which includes a summary of the Debtor's operations since the Filing Date, is submitted herewith as Exhibit D. The identity and fair market value of the Debtor's Assets as of December 21, 2016, as determined solely by the Debtor's management, is also submitted herewith as Exhibit E.

III. Summary of the Plan

A. Purpose of the Plan

The Plan provides a mechanism pursuant to which the Debtor will satisfy its creditors. As required by the Code, the Plan places Claims and the Interest in various Classes and describes the treatment each Class will receive. The Plan also states whether each Class of Claims or Interest is impaired or unimpaired.

B. Unclassified Claims

Certain types of Claims are automatically entitled to specific treatment under the Code. They are not considered impaired and holders of such Claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Debtor has *not* placed the following claims in any Class:

Administrative Expenses - Administrative expenses are costs of administering the Debtor's chapter 11 case, which are allowed under section 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the Filing Date. The Code requires that all administrative

expenses be paid on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment. Under the Plan, Administrative Claims consist primarily of Professional Fees estimated to total \$25,000.00. The Plan provides that they will be paid following Court approval prior to or on the Effective Date unless otherwise agreed to.

C. Classes of Claims and the Equity Interest

A schedule of Claims and a summary of proposed treatment under the Plan is annexed hereto as Exhibit C. The following are the Classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

Class 1: Secured Claims - Allowed Secured Non-Tax Claims are Claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) as determined by Section 506 of the Code. If the value of the collateral or the setoff securing the creditor's claim is less than the amount of the creditor's Allowed Claim, the deficiency will be classified as a Class 4 General Unsecured Claim.

Allowed Secured Claims include the Debtor's liability (1) IOU Financial; (2) Farm Fresh, Inc. which holds a secured claim under the Perishable Agricultural Commodity Act ("PACA") for the supply of fresh produce to the Debtor; (3) Taxing Authorities; and (4) the Department of Labor, which the Debtor disputes.

The Debtor shall make payments to Class 1 Claims in full together with applicable interest over a period of 24 months from the Effective Date of the Plan. Class 1 Claims are Impaired and entitled to vote to accept or reject the Plan.

2. Class 2: Arrears Claim of the Landlord – The Allowed Claim of the Landlord for amounts due under its lease will be paid in full over time pursuant to the schedule set forth in the Assumption Order annexed hereto as Exhibit B. The Debtor will satisfy the Landlord's

arrears claim in full in April of 2018. The Class 2 Claimant is Unimpaired and not entitled to vote to accept or reject the Plan.

3. Class 3: Priority Unsecured Claims - Class 3 is comprised of Priority Claims that are referred to in Sections 507(a)(1), (4), (5), (6), (7) and (8) of the Code. The Code requires, and the Plan provides, for the holder of such a Claim to receive cash equivalent to their claims in regular installments paid over a period not exceeding five years from the Filing Date.

Class 3 Claim, which total no more than \$113,165.09, will be paid in full with interest within 36 months of the Effective Date of the Plan.

4. Class 4: General Unsecured Claims - General Unsecured Claims are not secured by any Assets of the Debtor and are not entitled to priority under Section 507(a) of the Code. Unless the holder of an Allowed Class 4 General Unsecured Claim agrees to less favorable treatment, the Debtor shall pay holders of Allowed Class 4 Claims in full without interest over a period not to exceed 6 years from the Effective Date. The first payment to the holders of Allowed Class 4 General Unsecured Claims shall be made on September 1, 2018 in an amount equal to 10% of the amount of such Allowed Class 4 General Unsecured Claim. The Debtor shall make subsequent payments to the holders of Allowed Class 4 General Unsecured Claims in quarterly installments of 10% of their claims on January 1, 2019, April 1, 2019, July 1, 2019, September 1, 2019, January 1, 2020, April 1, 2020, July 1, 2010, and September 1, 2020. The final payment to holders of Allowed Class 4 General Unsecured Claims shall be made on January 1, 2021 when Class 4 claimants will have received an amount equal to 100% of their Allowed Class 4 General Unsecured Claims, without interest. The holders of Allowed Class 4 General Unsecured Claims are impaired under the Plan and entitled to vote on whether to accept or reject the Plan.

The Debtor estimates that the total amount of Allowed Class 4 General Unsecured

Claims will be significantly less than \$284,000.00.

5. Class of Equity Interest / Class 5 - Equity interest holders are parties who hold an ownership interest in the Debtor. The only holder of an equity interest in the Debtor is Paul Ghiron and his Interests are classified as Class 5. The Plan provides for Mr. Ghiron to retain his Interest in the Debtor. The Class 5 Interest is unimpaired under the Plan.

D. Means of Implementing the Plan

Payments to creditors under the Plan will be made from (a) funds of the Reorganized Debtor on hand as of the Effective Date, and (b) funds realized from the Debtor's business operations following the Effective Date.

The Debtor has projected its revenue and expenses for the next 2 years. A copy is annexed hereto as Exhibit F. The projections demonstrate that the Debtor can make the payments required under the initial stages of the Plan. The projections show a net profit after operations of approximately \$2,700.00 per week or \$10,800.00 per month. Given such projection, the Debtor's proposal to fund the Plan with \$5,000.00 per month is feasible. The Debtor will be submitting revised projections and invites any interested party to contact the undersigned.

Mr. Ghiron shall continue to manage the Reorganized Debtor and shall continue to receive reasonable compensation, plus expenses.

E. Risk Factors

The proposed Plan has the following risks:

Inability to Operate Profitably - Although the Debtor has been able to operate profitably since the Filing Date, there is no guarantee that profitable operations will continue. The Debtor's profitability depends upon a number of factors (some of which are beyond its control) including (a)

its ability to retain its customers and develop new customers, (b) the health of the economy and (c) increases in labor, material and utility costs that are not reimbursed by insurance and cannot be passed on to the customer.

F. Executory Contracts and Unexpired Leases

The Debtor has a lease for the premises from which it operates. The Debtor assumed the Lease pursuant to the Assumption Order (See Exhibit B). The Debtor is obliged to cure the arrears due to the Landlord over time.

The Debtor has a production contract with the Farmer's Dog. The Debtor believes that there are no defaults under the contracts that must be cured in connection with the assumption thereof. Under the Plan, the Farmer's Dog contract will be assumed by the Debtor under 11 U.S.C. §365.

If you object to the assumption of your unexpired contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

G. Tax Consequences of the Plan

The Debtor does not believe that it will suffer any material adverse tax consequences from Confirmation of the Plan. **Creditors and the holder of the equity Interest concerned with how the Plan may affect their tax liability should consult with their own accountants, attorneys and/or advisors.**

IV. Confirmation Requirements

To be confirmable, the Plan must meet the requirements listed in Sections 1129(a) or (b) of

the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired Class of Claims must accept the Plan, without counting the votes of insiders; the Plan must distribute to the creditor or equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in section 1129, and they are not the only requirements for Confirmation.

A. Who May Vote or Object

Any party in interest may object to Confirmation of the Plan if the party believes that the requirements for Confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that holder has a claim or equity interest that is both (1) Allowed or allowed for voting purposes and (2) impaired. In this case, the Debtor believes that Classes 1, 3, and 4 are impaired and that holders of Claims in each of these Classes are therefore entitled to vote to accept or reject the Plan. The Debtor believes that Classes 2 and 5 are unimpaired and that holders of Claims (or the Interest) in each of these Classes do not have the right to vote to accept or reject the Plan.

1. What is an Allowed Claim or Allowed Equity Interest? - Only a creditor or equity interest holder with an Allowed Claim or Interest has the right to vote on the Plan. Under the Plan, a Claim or equity interest is Allowed, if either (a) the Debtor has listed the Claim on the Schedules, unless the Claim has been listed as disputed, contingent or unliquidated or (b) the creditor has filed a proof of Claim or equity interest, unless an objection has been filed to the proof of Claim or equity interest. When a Claim or equity interest is not Allowed, the creditor or equity interest holder cannot vote unless the Court, after notice and a hearing, either overrules the

objection or allows the Claim or equity interest for voting purposes pursuant to Bankruptcy Rule 3018(a). A schedule of claims is annexed hereto as Exhibit C.

The deadline for filing a proof of claim in this case was June 22, 2016. The deadline for objecting to Claims is 60 days after the Confirmation Date.

2. What is an Impaired Claim or Impaired Equity Interest? - As noted above, the holder of an Allowed Claim or equity interest has the right to vote only if it is in a Class that is *impaired* under the Plan. As provided in section 1124 of the Code, a Class is considered impaired if the Plan alters the legal, equitable or contractual rights of the members of that Class.

3. Who is Not Entitled to Vote? - The holders of the following six types of claims and equity interests are *not* entitled to vote:

- holders of Claims and equity interests that have been disallowed by an order of the Court;
- holders of other Claims or equity interests that are not Allowed (as discussed above) unless they have been allowed for voting purposes;
- holders of Claims or equity interests in unimpaired Classes;
- holders of Claims entitled to priority pursuant to sections 507(a)(2), (3) and (8) of the Code;
- holders of Claims or equity interests in Classes that do not receive or retain any value under the Plan; and
- administrative expenses.

Even If You Are Not Entitled To Vote On The Plan, You Have A Right To Object To The Confirmation Of The Plan And To The Adequacy Of The Disclosure Statement.

4. Who Can Vote in More Than One Class - A creditor whose Claim is Allowed, in part, as a Secured Claim and, in part, as an Unsecured Claim, or who otherwise holds Claims in multiple Classes, is entitled to vote to accept or reject the Plan in each capacity, and should cast one ballot for each Claim.

B. Votes Necessary to Confirm the Plan

If impaired Classes exist, the Court cannot confirm the Plan unless (1) at least one impaired Class of Claims has accepted the Plan without counting the votes of any insiders within that Class, and (2) all impaired Classes have voted to accept the Plan, unless the plan is eligible to be confirmed by “cram down” on non-accepting Classes, as discussed later in Section IV B.2.

1. Votes Necessary for a Class to Accept the Plan - A Class of Claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the Allowed Claims in the Class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the Allowed Claims in the Class, who vote, cast their votes to accept the Plan. In this case, because the holder of the Interest is not impaired under the Plan, Class 5 is deemed to have accepted the Plan and is therefore not entitled to vote.

2. Treatment of Non-Accepting Classes - Even if one or more impaired Classes reject the Plan, the Court may nonetheless confirm the Plan if the non-accepting Classes are treated in the manner prescribed by Section 1129 of the Code. A Plan that binds non-accepting Classes is commonly referred to as a “cram down” plan. The Code allows the Plan to bind non-accepting creditors or equity interests if it meets all of the requirements for consensual Confirmation except the voting requirements of section 1129(a)(8) of the Code, does not “discriminate unfairly,” and is “fair and equitable” toward each Class that has not voted to accept the Plan.

You should consult your own attorney if a “cram down” confirmation will affect your Claim or equity interest because the variations on this general rule are numerous and complex.

C. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive as much under the Plan as such Claim and equity interest holders would receive in a chapter 7 liquidation. A Liquidation Analysis has been prepared by the Debtor and is attached hereto as Exhibit G. The Debtor will pay to creditors under the Plan a sum greater than or equal to the liquidation value of its assets.

D. Feasibility

The Court must determine that Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor, unless such liquidation or reorganization is proposed in the Plan. Based upon the projections annexed hereto as Exhibit F and the operating reports filed by the Debtor including the report annexed as Exhibit D, the Plan is feasible.

1. Ability to Initially Fund Plan - The Debtor believes that it will have enough cash on hand on the Effective Date to pay all Claims and expenses that are entitled to be paid on that date.

2. Ability to Make Future Plan Payments and Operate Without Further Reorganization - The Debtor must also show that it will have enough cash over the lifetime of the Plan to make the required Plan payments. The Debtor has provided projected financial information (See Exhibit E). The Debtor will provide updated projections prior to the hearing on Confirmation of the Plan. Please contact the undersigned to obtain a copy.

The Debtor's projections show that the Debtor will have sufficient cash flow to make

payments called. In the event that the Debtor is unable to make a payment, the Debtor believes that it can borrow the funds necessary to make the payments from insiders.

You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

V. EFFECT OF CONFIRMATION

A. Release

Following the Confirmation Date, the Plan shall bind the Debtor and all holders of Claims and the holder of the Interest, whether or not said holders are impaired under the Plan and whether or not said holders have accepted the Plan, and all rights of such holders shall be governed by the Plan. On the Effective Date, all Assets shall be held by the Debtor free of Claims and Liens and subject to the requirements hereunder.

As provided in Bankruptcy Code § 1141(d)(3), the Plan does not grant the Debtor a discharge. Notwithstanding the foregoing, except as otherwise provided herein, (1) the rights afforded in the Plan and the treatment of all Claims and Equity Interests shall be in exchange for and in complete satisfaction, discharge and release of such Claims and Equity Interests of any nature whatsoever, including any interest accrued on the Claims from and after the Petition Date, against the Debtor, or any of its assets or properties and (2) all persons shall be precluded from asserting against the Debtor, or any of its Assets or properties any other or further Claims or Equity Interests based upon any act or omission, transaction or other activity of any kind or nature that occurred before the Confirmation Date, except as otherwise provided in the Plan.

B. Modification of the Plan

The Debtor may modify the Plan at any time before Confirmation of the Plan. However, the Court may require a new disclosure statement and/or re-voting on the Plan. The Debtor may also seek to modify the Plan after Confirmation only if (1) the Plan has not been substantially consummated *and* (2) the Court authorizes the proposed modifications after notice and a hearing.

C. Final Decree

Once the estate has been fully administered, as provided in Bankruptcy Rule 3022, the Debtor shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

VI. RECOMMENDATION AND CONCLUSION

The Debtor believes that the Plan provides the greatest and earliest possible recovery to holders of Allowed Claims and is in the best interests of creditors. The Debtor therefore recommends that each holder of a Claim that is entitled to vote on the Plan vote to accept the Plan.

VII. AMENDMENT

The Debtor does not anticipate amending this disclosure statement. In the event that it is amended, it will provide notice to all interested parties.

Dated: White Plains, NY
December 19, 2016

PENACHIO MALARA, LLP
/s/ Anne Penachio,
Counsel for the Debtor
235 Main Street
Suite 610
White Plains, NY 10601
(914) 946-2889

