DELBELLO DONNELLAN WEINGARTEN
WISE & WIEDEKEHR, LLP
Attorneys for the Debtor
One North Lexington Avenue
White Plains, New York 10601
(914) 681-0200
Jonathan S. Pasternak, Esq.
Julie Curley, Esq.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

----------X

In re:

LIFSCHULTZ ESTATE MANAGEMENT LLC,

Debtor.

----------X

Chapter 11
Case No. 16-23144(RDD)

FIRST AMENDED DISCLOSURE STATEMENT

Lifschultz Estate Management LLC (the "Debtor") submits this First Amended Disclosure Statement pursuant to Section 1125(b) of Title 11, United States Code, 11 U.S.C. §§ et seq. (the "Bankruptcy Code") and Rule 3017 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), in connection with its First Amended Liquidating Chapter 11 Plan dated March 17, 2017 (the "Plan") to all known holders of Claims against or Interests in the Debtor in order to adequately disclose information deemed to be material, important and necessary for the Debtor's creditors to make a reasonably informed judgment about the Plan. A copy of the Plan is attached hereto as Exhibit "A."

The Bankruptcy Court has approved this Disclosure Statement in this chapter 11 case under Section 1125(b) of the Bankruptcy Code and has scheduled a hearing on confirmation of the Plan for May 16, 2017 at 10:00 a.m. (the "Hearing"). Under Section 1126(b) of the

Bankruptcy Code, only Classes[1] of Allowed Claims that are "impaired" under the Plan, as defined by Section 1124 of the Bankruptcy Code, are entitled to vote on the Plan. Generally, a Class is impaired if its legal, contractual or equitable rights are altered or reduced under the Plan. Under the Plan, Classes 1, 2, 3 and 4 are impaired and thus entitled to vote. Class 5 Interest holders will retain their Interests and, therefore, unimpaired under the Plan and deemed to have accepted the Plan.

I. INTRODUCTION

A. Background

The Debtor is a member managed limited liability company organized under New York law. The two members of the Debtor are Bruce Abbott and his uncle, David Lifschultz.

The Debtor is the deed holder of a four (4) acre parcel of real property located at 220 Hommocks Road, Larchmont, New York 10538 (the "Property").

The Property was acquired in 1957 by Sidney Lifschultz, father of David Lifschultz and grandfather of Bruce Abbott, who was the patriarch of the Lifschultz trucking dynasty. After assuming leadership in the 1940s of the flagship transportation company, Lifschultz Fast Freight Inc., he expanded the business into an international freight forwarding service that pioneered railroad "piggybacking," in which tractor-trailers were loaded on flatbed rail cars. Sidney Lifschultz used the trucking deregulation of the 1980s to change Lifschultz Fast Freight into a company sending larger and larger amounts of freight over road instead of rail. But with larger companies taking advantage of deregulation to gain greater segments of the market, in 1987 Sidney Lifschultz and his son, David Lifschultz, filed a $1.8 billion antitrust suit against the three

1 Capitalized terms not defined herein have the same meaning ascribed to them in the Plan.

largest trucking companies in the country, which he pursued to the U.S. Supreme Court before giving up. Thereafter, Sidney Lifschultz moved what had become Lifschultz Industries into manufacturing before selling the company and pursuing a new venture in oil refining technology. At the time of his death in 2002, Sidney Lifschultz was working on the present family technology investment, Genoil Inc., to develop with Conoco Philips a new oil refining technology to convert heavy oil into light oil at levels 25 percent more efficient than contemporary methods.

Upon the passing Sidney Lifschultz, under his Last and Testament, the Property was to be divided equally in four (4) 25% interests each amongst : (1) Marcia Lifschultz Abbott, mother of Bruce Abbott; (2) David Lifschultz; (3) Lawrence Lifschultz, brother of David Lifschultz; and (4) Bruce Abbott. Upon Marcia Abbott's passing, her interest passed to Bruce Abbott. In February, 2011, Lawrence Lifschultz's interest in the Property was assigned to David Lifschultz pursuant to a Decision and Order entered in the Westchester County Surrogate's Court proceeding in exchange for, *inter alia*, a claim against the Property for $1,000,000. Thus, the remaining beneficial interest owners of the Property prior to the Chapter 11 Case were Bruce Abbott and David Lifschultz, each holding a 50% beneficial interest in the Property.

The Debtor was formed immediately prior to the Chapter 11 Case for the purpose of holding the deed for the Property for the remaining beneficiaries, Bruce Abbott and David Lifschultz, who are equal members of the Debtor.

On August 22, 2016, an executor's deed for the Property was executed by David Lifschultz as executor and transferred from the estate of Sidney Lifschultz to the Debtor, which deed was submitted for recording with the Westchester County Clerk on said date.

The Property is sprawling 4 acre peninsula property located at the end of a cul-de-sac directly on Long Island Sound, with water on three sides, in the Town of Mamaroneck. The Property contains an estate house, a multi-car garage connected to a 2 story house, a pool, gardens, a boating dock and multiple water and beach accesses to both Long Island Sound and the Larchmont inlet.

In order to finance the payment of estate taxes associated with the administration of the Sidney Lifschultz estate (the "Lifschultz Estate"), the Lifschultz Estate borrowed and granted a $7.9 mortgage in favor of First Republic Bank ("First Republic"), a Division of Merrill Lynch Bank & Trust Co., FSB ("Merrill"). Less than one year thereafter, Bank of America ("BOA") acquired Merrill, and the lending relationship between the Lifschultz Estate and Merrill went into a state of "limbo", resulting in a lack of support and cooperation as was previously promised by Merrill. This was particularly damaging after the Irene and Sandy storms, as Merrill (now BOA), failed to follow up with the Lifschultz Estate with the providing of insurance, resulting in the Lifschultz Estate being unable to process storm damage related claims.

In 2015, the mortgage was *allegedly* assigned, together with a bundle of other Merrill mortgages and products, to LSF9 Master Participation Trust Assignee c/o U.S. Bank Trust, N.A. as Trustee ("LSF9"). LSF9 has no connection to the Debtor or any of its insiders. LSF9 has yet to provide proof of assignment and ownership of the First Republic judgment, and the Debtor objects to LSF9's standing and right to assert a Claim in the Chapter 11 Case until such time as such proof is filed with the Bankruptcy Court.

In August 2009, First Republic commenced a foreclosure action in Supreme Court of New York, Westchester County, encaptioned *First Republic Bank, a Division of Merrill Lynch Bank & Trust Co., FSB v. David Lifschultz, a Co-Executor of the Last Will and Testament of Sidney B. Lifschultz, et al.,* Index No. 09-19182 (the "Foreclosure Proceeding").

First Republic obtained a Judgment of Foreclosure and Sale in the Foreclosure Proceeding, however, that judgment is subject to vacatur pursuant to an Order to Show Cause, which was filed in the Foreclosure Proceeding. First Republic had an obligation to fund the Lifschultz Estate for its maintenance and upkeep expenses, and failed to do so, thereby breaching the terms of the mortgage and leading to the premature foreclosure action, severely hindering the Lifschultz Estate's efforts to properly market and sell the Property for its fair market value. Notwithstanding, there is no assurance that the Debtor could prevail on its Order to Show Cause, and the judgment is currently in full force and effect (subject to further determination of the ownership of the judgment).

A second priority mortgage was recorded against the Property in favor of Lawrence Lifschultz, brother of David Lifschultz (one of the Debtor's 2 members) in the amount of $1 million. Pursuant to a settlement agreement executed in the Surrogates Court proceeding of Lawrence and David Lifschultz's father's estate, Lawrence Lifschultz exchanged his interest in his father's estate to David Lifschultz for a $1,000,000 mortgage note executed by David both individually and as executor of his father's estate, which note is secured by a mortgage recorded against the Property. Lawrence Lifschultz's claim is in material dispute due to his repeated violations of the terms and conditions of the estate settlement. Until such time as such claims are brought before the Surrogate's Court, the Debtor believes that Lawrence Lifschultz may assert a

Secured Claim against the Property in the amount of $1,000,000 against the Debtor, subject to further valuation under Section 506(a) of the Bankruptcy Code. In that the Debtor believes the value of the Property exceeds $15 million, the Debtor believes that the Lawrence Lifschultz Claim is, for now, fully secured within the meaning of Section 506 of the Bankruptcy Code.

The condition of the Property has been routinely impacted by regular storms as well as first by Hurricane Irene in late August, 2011 and then by Super Storm Sandy in late October, 2012. The combination of the failures of First Republic to provide funding for the maintenance and annual pointing of the seawall and property resulted in a complete collapse of several sections during those regular storms, especially during Irene and Superstorm Sandy. The structurally compromised seawall allowed for excessive soil erosion and sink holes on several acres of the back yard. The lack of funding for maintenance combined with the severe storms caused damage to the sea wall which completely destroyed the once beautiful gazebo structure that jutted out over the sea in the back of the estate house as well as its support structure. The original sea wall that surrounds 3 sides of the Property was built in the 1890's when the original estate house was originally built by owners prior to Sidney Lifschultz, who purchased the property sometime in the mid to late 1950's.

The once beautiful natural surface tennis court was also destroyed in the storms and failure to maintain the seawall, and certain parts of the Property have sunk and currently need material capital repair. The pool house garage/carriage house and main house all sustained damage during the storms as well. The Lifschultz Estate was not able to maintain insurance on the Property due to the failure of First Republic to provide maintenance expenses as promised.

Because of the confusion surrounding the Property, and poor communication between the parties, no insurance claims were ever filed by First Republic or the Lifschultz Estate.

Nevertheless, the Property is secured and being maintained, is still extraordinary, with incredible sea and water views on a secluded, sprawling property. Many years ago, the Property received preliminary zoning approval for a 3 lot subdivision, which the Debtor believes could be resuscitated and a subdivision implemented as an alternative to refinance or sale of the entire Property as one parcel.

Moreover, the Debtor's principals have advanced monies on a monthly basis to maintain, repair and upkeep the Property. During the Chapter 11 Case to date, the principals have already laid out in excess of $80,000 in personal funds and intend to make further continued advances to maintain insurance, landscaping, repair the sea wall and make other continuing repairs and renovations to the estate house.

The Property is currently being marketed for sale and is listed with Houlihan Lawrence for $16 million. Due to the size, complexity and value of the Property, the Property is admittedly not an easy sell, and estates of this nature can easily take several years to market and sell.

Currently, the Property is being occupied and maintained by Bruce Abbott, one of the Debtor's 2 members. In exchange for the payment of use and occupancy to the Debtor, Mr. Abbott, as described above, expends on a monthly basis substantial monies for the maintenance, insurance, repair and upkeep of the Property. Despite some of the problems caused by Sandy and other natural events, the Property is secured, safe and in no danger of being destroyed by a further severe weather event.

The Debtor intends and remains committed to efforts to monetize the unique and valuable Property. The Property is extremely valuable and is situated on one of the most scenic waterfront locations in Westchester County.

As an alternative, the Debtor's principals would ideally like to hold onto the Property and are also, at the same time as marketing the Property for sale, attempting to raise capital to satisfy or refinance the Allowed Secured Claims on the Property.

The Debtor therefore filed the Chapter 11 Case to preserve and maximize the value of the Property, which has significant equity, through a traditional marketing and sale process, subject to the Debtor's rights of redemption through a capital raise or refinance, and to avoid a foreclosure sale which would yield far less in sale proceeds to the detriment of all the other creditors of the estate.

B. Commencement of the Chapter 11 Case

On August 23, 2016 (the "Petition Date"), the Debtor filed a voluntary petition for reorganization pursuant to Chapter 11 of the Bankruptcy Code. The Debtor has continued in possession of its property and the management of its business affairs as a debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

C. Employment of the Debtor's Professionals

On September 13, 2016, the Debtor filed an application to retain DelBello Donnellan Weingarten Wise & Wiederkehr, LLP ("DDW"), as its bankruptcy counsel. After the filing of supplemental pleadings and a hearing, by order of the Bankruptcy Court dated November 18, 2016, the Bankruptcy Court approved the retention of DDW, *nunc pro tunc,* to the Petition Date.

On November 7, 2016, the Debtor filed an application to retain Houlihan Lawrence as real estate brokers to the Debtor. An order approving Houlihan's retention was entered by the Bankruptcy Court on November 23, 2016.

D. Filing of Schedules of Assets and Liabilities and Statement of Financial Affairs

On September 12, 2016, the Debtor filed its Schedules of Assets and Liabilities, together with its Statement of Financial Affairs (collectively, the "Schedules"). The Debtor's Schedules are available on the Bankruptcy Court's website: www.nysb.uscourts.gov (log-in and password required) or from counsel for the Debtor upon written request.

E. Establishment of a Claims Bar Date and Claims Process

Pursuant to an order of the Bankruptcy Court entered on October 24, 2016, December 9, 2016 was established as the last date by which creditors may file proofs of claim in the Chapter 11 Case (the "Bar Date"), and subsequently notice of the Bar Date was served on all creditors listed on the Debtor's creditor matrix filed with the Bankruptcy Court as well as parties filing notices of appearance and creditors who had previously filed a proof of claim in the case.

The Debtor, together with counsel, has reviewed all Claims filed and does not anticipate filing any objections to any claims filed in the Chapter 11 Case, although the Debtor reserves the right to do so in the future.

F. Efforts to Refinance or Sell the Property

During the case, the Debtor has reached out to numerous lenders and capital companies to explore a refinance of the secured obligations on the Property. In the alternative, the Debtor, at the same time, has continued to engage the services of Houlihan Lawrence in order to market the Property for sale. During the Chapter 11 Case, the Debtor has yet to receive a formal offer for either sale or refinance but will continue to pursue both alternatives in accordance with the terms and procedures set forth in the Plan.

II. THE PLAN OF REORGANIZATION

THE FOLLOWING IS A BRIEF SUMMARY OF THE PLAN. THE PLAN REPRESENTS A PROPOSED LEGALLY BINDING AGREEMENT AND CREDITORS ARE URGED TO CONSULT WITH THEIR COUNSEL IN ORDER TO FULLY UNDERSTAND THE PLAN AND TO MAKE AN INTELLIGENT JUDGMENT CONCERNING IT. THE PLAN GOVERNS OVER ANY DISCREPANCY IN THIS SUMMARY.

The Plan will be funded with the net proceeds from the either the sale or refinance of the Property. The sale or refinance of the Property (as more fully discussed in Article IV of the Plan), following Confirmation of the Plan, shall not be subject to any stamp or similar transfer tax pursuant to section 1146(a) of the Code because it will be sold under the Plan.

A. Treatment of Unclassified Claims Under the Plan

1. Allowed Administrative Claims other than Claims of Professionals: The Debtor does not anticipate any Allowed Administrative Claims other than those of the Debtor's Professionals at Confirmation. However, to the extent that any such Claims should exist, they shall be paid in the ordinary course and according to the terms and conditions of the respective contracts underlying such Claims.

2. Allowed Administrative Claims of Professionals: Allowed Administrative Claims of Professionals shall be paid, in full, in Cash, upon the later of (i) allowance by the Court pursuant to Section 330 of the Bankruptcy Code or (ii) the Effective Date, unless otherwise agreed to by such professionals. The only Allowed Administrative Claims are those of (i) Debtor's counsel, DelBello Donnellan Weingarten Wise & Wiederkehr, LLP in the approximate net unpaid estimated amount, as of the Confirmation Date, of $50,000; and (ii) Houlihan Lawrence, subject to its success in selling the Property[2].

3. United States Trustee's Fees: Under the Plan, all United States Trustee statutory fees arising under 28 U.S.C. § 1930 and 31 U.S.C. §3717 prior to Confirmation shall be payable by the Effective Date. Thereafter, such fees shall be paid in full, in Cash, in such amount as incurred under the Plan and/or in the ordinary course of business by the Debtor. The Debtor or LSF9, as applicable, shall effectuate payment of United States Trustee quarterly fees through the entry of a final decree closing the Chapter 11 Case.

4. Allowed Priority Claims: The Debtor shall pay, in full and in Cash, Allowed Priority Claims (entitled to Priority pursuant to Section 507(a)(3)-(8) of the Bankruptcy Code) within ten (10) days after the Effective Date. The Debtor does not believe that any such Allowed Priority Claims exist.

B. Treatment of Classes

Class 1 – Town of Mamaroneck Secured Claim The Town of Mamaroneck Allowed Class 1 Secured Claim in the approximate amount of $250,000, together with any unpaid statutory interest, costs and reasonable attorneys' fees accrued thereon through the Closing, shall

2 Houlihan is currently entitled to a 6% commission in the event of a sale of the Property. The Debtor will be

be paid in full, in Cash, from the Distribution Fund upon the Closing, after the payment of all unclassified Claims, including but not limited to all Allowed Claims of Professionals and United States Trustee Fees. Class 1 is Impaired and entitled to vote on the Plan.

Class 2 – LSF9 Secured Claim: Subject to and upon proof of ownership and standing, the LSF9 Allowed Class 2 Secured Claim in the approximate amount of $10,161,208.00, together with any unpaid statutory judgment interest, costs and reasonable attorneys' fees accrued thereon through the Closing, shall be paid in full, in Cash, from the Distribution Fund or, if applicable, by virtue of credit bid pursuant to section 363(k) of the Bankruptcy Code, upon the Closing, after the payment of all unclassified Claims, including but not limited to all Allowed Claims of Professionals and United States Trustee Fees, and Class 1 Secured Claims, to be governed by Section 4.2(e) of the Plan. The LSF9 Allowed Secured Claim is Impaired and entitled to vote on the Plan.

Class 3- Lawrence Lifschultz Secured Claim: The Allowed Class 3 Claim of Lawrence Lifschultz in the approximate amount of $1,000,000 shall be paid, in Cash, up to the full amount of his Allowed Class 3 Claim, together with interest to the extent Allowed under Section 506(b) of the Code, upon the Closing, from the Distribution Fund after the payment of all unclassified Claims, including Allowed Claims of Professionals, United States Trustee Fees, the Post-Confirmation Fee Reserve and Class 1 and 2 Claims in full. In the event there are insufficient sale proceeds to pay the Class 3 Claim in full, the unpaid balance of the Class 2 Claim shall be treated as an Allowed Class 4 Claim in accordance with section 506(a) of the Code. The Class 3 Claim is Impaired and entitled to vote on the Plan.

---

seeking a reduced commission arrangement form Houlihan when the current agreement expires in early 2017.

Class 4 - Unsecured Claims: Holders of Allowed Class 4 Unsecured Claims shall receive a Pro Rata portion of the remaining Distribution Fund, if any, after the payment of all Administrative, Priority, post-Effective Date legal fees and Class 1, 2 and 3 Allowed Claims in full, within ten (10) business days of the Sale Closing Date, up to 100% of their Allowed Claims, with no post-Petition Date interest thereon. Class 4 Allowed Unsecured Claims total approximately $50,000. Class 4 Unsecured Claims are impaired and are permitted to vote on the Plan. Other than the potential Class 4 deficiency Unsecured Claim of Lawrence Lifschultz, the Debtor believes that there are no Allowed Class 4 Claims.

Class 5 - Interests: Allowed Interests, held by David Lifschultz and Bruce Abbott each in the amount of 50%, shall receive a Pro Rata portion of the remaining proceeds of the Distribution Fund, based upon the particular percentage of Interest held, after the payment of all classified and unclassified Allowed Claims and any post-Effective Date legal fees and costs of the Debtor's estate. Class 5 Interests are unimpaired and are deemed to have accepted the Plan.

C. Means For Implementation

(1) Subject to the time deadlines set forth in this Article IV, TIME BEING OF THE ESSENCE, the Debtor shall continue to market the Property post-confirmation and shall continue to engage a real estate broker to assist in such efforts, in order to refinance or sell and liquidate the Property for the highest and best price on or before the Sale Closing Date. Upon Closing, the proceeds of refinance or sale shall be distributed to holders of Claims and Interests in the same manner as provided for in Article III herein.

(2) In the event that a Sale Contract has not been executed on or before January 31, 2018 or the Closing pursuant to a Sale Contract has not timely occurred on or before February

28, 2018, the Debtor shall conduct a public auction of the Property on or before April 30, 2018. If circumstances at the time warrant an extension of the Sale Closing Date, the Debtor may request up to a thirty (30) day extension of either Sale Closing Date from LSF9, the consent of which will not be unreasonably withheld.

(3) The sale of the Property, whether pursuant to a Sale Contract or public auction shall be free and clear of any and all Claims, liens, encumbrances, equities and Interests of any nature or kind (collectively, "Liens") and shall constitute a sale under sections 105, 363(b), 363(f), 1123(b)(4) and 1129 of the Code. Nothing set forth herein shall prevent a sale subject to certain liens, provided that the purchaser and the holder of the lien provide their respective consent in writing and the LSF9 Allowed Secured Claim is paid in full.

(4) At an auction conducted pursuant to subsections 4.2(b) above or otherwise, LSF9 shall be entitled to and have the absolute right to Credit Bid the full amount of the LSF9 Allowed Secured Claim.

(5) At an auction:

(i) If LSF9 is the highest bidder, no deposit shall be required and the payment of the purchase price shall be deemed paid by LSF9 by the Credit Bid except that LSF9 shall also be responsible to pay, at Closing, any unpaid real estate taxes, sale closing costs, United States Trustee's Fees, for which it shall remain responsible though the closing of the Chapter 11 Case, the Allowed Claims of Professionals to the extent awarded by the Bankruptcy Court under either Sections 330 or 506(c)of the Code and the Post-Confirmation Fee Reserve (as defined in the Plan);

(ii) If LSF9 (or its nominee) is not the highest bidder, immediately following the auction, the Third Party Highest Bidder, shall execute the Sale Contract which shall provide, among other things, that: (i) a Closing of the sale will occur on or, at the option of the successful bidder, before the 30th day after the date of the auction; and (ii) that time is of the essence with respect to the Closing date.

(iii) If the Third Party Highest Bidder defaults under the Sale Contract, the Disbursing Agent will be entitled to keep the deposit for distribution under the Plan;

(iv) The Debtor shall reserve the second highest bidder. If LSF9 (or its nominee) does not purchase the Property at the auction and the Third Party Highest Bidder is unable to close on the Closing date, the Disbursing Agent shall contact the second highest bidder and enter into a Sale Contract of the amount of such bid; provided however, that the Sale Contract with the second highest bidder shall comply with the provisions of the Plan, which sale must Close within 30 days after execution of such contract.

(6) Notwithstanding any of the foregoing, the Debtor shall have the absolute right to satisfy the LSF9 Allowed Secured Claim, and, to the extent Allowed under Section 506(a) of the Code, the Class 2 Secured Claim, through refinance, capital raise or any other means available, at any time up to the Closing, regardless of whether it should arise on or before the Sale Closing Date or as a result of a public auction thereafter.

(7) The Plan expressly contemplates the sale of the Property on or after the Effective Date. The post-Effective Date sale shall therefore not be taxed under any law imposing a stamp or similar tax as provided for in Section 1146(a) of the Code including (a) the transfer of the

Property; (b) the creation of any mortgage, deed of trust, lien, pledge or other security interest; (c) the making or assignment of any contract, Lease or sublease; or (d) the making or delivery of any deed or other instrument or transfer under, in furtherance of, or in connection with the Plan. All such transfers, assignments and sales will not be subject to any stamp tax, or other similar tax held to be a stamp tax or other similar tax by applicable law.

D. Resolution Of Disputed Claims & Reserves

(a) Objections. An objection to the allowance of a Claim shall be in writing and may be filed with the Bankruptcy Court by the Debtor or any other party in interest no later than the Confirmation Date.

(b) Amendment of Claims. A Claim may be amended after the Effective Date only as agreed upon by the Debtor and the holder of such Claim and as approved by the Bankruptcy Court or as otherwise permitted by the Bankruptcy Code and Bankruptcy Rules.

(c) Reserve for Disputed Claims. The Debtor shall reserve, on account of each holder of a Disputed Claim, that property which would otherwise be distributable to the holder on such date were the Disputed Claim at issue an Allowed Claim at the time of distribution, or such other property as the holder of the Disputed Claim at issue and the Debtor may agree upon. The property so reserved for the holder, to the extent that the Disputed Claim is Allowed, and only after the Disputed Claim becomes a subsequently Allowed Claim, shall thereafter be distributed to such holder as provided below.

(d) Distributions to Holders of Subsequently Allowed Claims. Unless another date is agreed on by the Debtor and the holder of a particular subsequently Allowed Claim, the Debtor shall, within ten (10) days after an Order resolving the Disputed Claim becomes a Final Order,

distribute to such holder with respect to such subsequently Allowed Claim that amount, in cash, from the cash held in reserve for such holder and, to the extent such reserve is insufficient, from any other source of cash otherwise available to the Debtor, equal to that amount of cash which would have been distributed to such holder from the Effective Date through such distribution date had such holder's subsequently Allowed Claim been an Allowed Claim on the Effective Date. The holder of a subsequently Allowed Claim shall not be entitled to any additional interest on the Allowed Amount of its Claim, regardless of when distribution thereon is made to or received by such holder.

(e) Disputes Regarding Rights to Payments or Distribution. In the event of any dispute between and among holders of Claims and/ or Interests (including the individual or entity or entities asserting the right to receive the disputed payment or distribution) as to the right of any entity to receive or retain any payment or distribution to be made to such entity under the Plan, the Debtor may, in lieu of making such payment or distribution to such entity, remit the disputed portion of the Claim into an escrow account or to a distribution reserve as ordered by a court of competent jurisdiction or as the interested parties to such dispute may otherwise agree among themselves. Notwithstanding anything to the contrary, the Debtor shall make timely distributions on account of the undisputed portion of a Claim or Interest to such claimants.

(f) Claims Procedures Not Exclusive. All of the aforementioned Claims procedures are cumulative and not necessarily exclusive of one another. On and after the Confirmation Date, Claims which were previously disputed may subsequently be compromised, settled, withdrawn, or otherwise resolved without further order of the Bankruptcy Court.

E. Amendment, Modification, Withdrawal or Revocation of the Plan.

The Debtor reserves the right, in accordance with the Section 1127 of the Bankruptcy Code, to amend or modify the Plan with such Order of the Bankruptcy Court, as may be required.

The Debtor may withdraw or revoke the Plan prior to the Confirmation Date. If such a withdrawal or revocation occurs, or if Confirmation does not occur, the Plan will be null and void. In such event, nothing contained in the Plan will constitute a waiver or release of any Claim by or against the Debtor or any other person or to prejudice in any manner the rights of the Debtor or any other person in any further proceedings involving the Debtor.

F. Unclaimed Property

Except as otherwise provided herein, in the event any claimant fails to claim any distribution within four (4) months from the date of such distribution, such claimant shall forfeit all rights thereto and to any and all future payments, and thereafter the Claim for which such cash was distributed shall be treated as a disallowed Claim. Distributions to claimants entitled thereto shall be sent to their last known address set forth on the most recent proof of claim filed with the Bankruptcy Court or, if no proof of claim is filed, on the Schedules filed by the Debtor or to such other address as may be later designated by a creditor in writing. The Disbursing Agent and the Debtor shall use their collective best efforts to obtain current addresses for all claimants. The Disbursing Agent shall notify the Debtor of all returned distributions. All unclaimed Cash shall be redistributed by the Disbursing Agent pro rata to the holder of Class 4 Interests.

G. Plan Injunction

Effective on the Confirmation Date, all persons who have held, hold or may hold Claims or Interests are enjoined from taking any of the following actions against or affecting the Debtor or assets of the Debtor with respect to such Claims, Interests or Administrative Claims, except as otherwise set forth in the Plan, and other than actions brought to enforce any rights or obligations under the Plan or appeals, if any, from the Confirmation Order:

(i) Commencing, conducting or continuing in any manner, directly or indirectly, any suit, action, arbitration, or other proceeding of any kind against the Debtor or the assets of the Debtor regarding the Claims or Interests;

(ii) Enforcing, levying, attaching, or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree, or order against the Debtor, the assets of the Debtor;

(iii) Creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Debtor, the assets of the Debtor;

(iv) Asserting any setoff, right of subrogation, or recoupment of any kind, directly or indirectly, against the Debtor, the assets of the Debtor; and

(v) Proceeding in any manner and any place whatsoever that does not conform to or comply with the provisions of the Plan.

H. Exculpation. ***Neither the Debtor nor any of its members, officers, directors, employees, attorneys, advisors, agents, representatives and assigns (the "Released Parties") shall have or incur any liability to any entity for any action taken or omitted to be taken in connection with or related to the formulation, preparation, dissemination, Confirmation or***

consummation of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into, or any other action taken or omitted to be taken in connection with the chapter 11 case or the Plan except with respect to their obligations under the Plan and any related agreement or for bad faith, willful misconduct, gross negligence, breach of fiduciary duty, malpractice, fraud, criminal conduct, unauthorized use of confidential information that causes damages, and/or ultra vires acts. Notwithstanding any other provision hereof, nothing in Sections 7.2 or 7.3 of the Plan shall (a) effect a release of any claim by the United States Government or any of its agencies or any state and local authority whatsoever, including, without limitation, any claim arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority against the Released Parties, nor shall anything in Sections 7.2 or 7.3 of the Plan enjoin the United States or any state or local authority from bringing any claim, suit, action or other proceedings against any of the Released Parties referred to herein for any liability whatever, including, without limitation, any claim, suit or action arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority, nor shall anything in Section 7.2 of the Plan exculpate any party from any liability to the United States Government or any of its agencies or any state and local authority whatsoever, including liabilities arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority against the Parties referred to herein, (b) *effect a release of any claim of LSF9 arising out of or under any guarantees executed in connection with the LSF9 Secured Claim or any environmental law,* ***or (c) limit the liability of the Debtor's professionals to the Debtor pursuant to Rule***

1.8(h)(1) of the New York Rules of Professional Conduct.

I. Full and Final Satisfaction

Pursuant to the Plan, all payments and all distributions shall be in full and final satisfaction, settlement and release of all Claims and Interests, except as otherwise provided in the Plan.

J. **Retention of Jurisdiction**

The Bankruptcy Court shall retain jurisdiction of the Chapter 11 Case:

(a) To determine all controversies relating to or concerning the allowance of and/ or distribution on account of such Claims or Interests upon objection thereto which may be filed by any party in interest;

(b) To determine requests for payment of Claims entitled to priority under Section 507(a)(2) of the Bankruptcy Code, including any and all applications for compensation for professional and similar fees

(c) To determine any and all applications, adversary proceedings, and contested or litigated matters over which the Bankruptcy Court has subject matter jurisdiction pursuant to 28 U.S.C Sections 157 and 1334;

(d) To determine all disputed, contingent or unliquidated Claims and all disputed Interests;

(e) To determine requests to modify the Plan pursuant to Section 1127 of the Bankruptcy Code or to remedy any defect or omission or reconcile any inconsistencies in this Plan or Confirmation Order to the extent authorized by the Bankruptcy Code;

(f) To make such orders as are necessary or appropriate to carry out the provisions of the

Plan;

(g) To resolve controversies and disputes regarding the interpretation or enforcement of the terms of the Plan;

(h) To determine any and all pending motions and applications for assumption or rejection of executory contracts and leases and the allowance and classification of any Claims resulting from the rejection of executory contracts and leases;

(i) To resolve any disputes which may arise concerning the sale or auction of the Property or satisfaction of the Allowed Class 1 or Class 2 Secured Claims as required under the Plan;

(j) To determine such other matters as may be provided for in the order of the Bankruptcy Court confirming the Plan or as may be authorized under the provisions of the Bankruptcy Code;

(k) If necessary, to implement any post-Effective Date sale of the Property, including any issues and dispute arising therefrom; and

(l) To enter a final decree closing the Chapter 11 Case.

K. Post-Confirmation Fees, Final Decree

The reasonable compensation and out-of-pocket expenses incurred post-Confirmation professional fees shall be paid by the Debtor or LSF9, as applicable under the Plan, within ten (10) days upon presentation of invoices for such post-petition professional services. All disputes concerning post-confirmation fees and expenses shall be subject to Bankruptcy Court jurisdiction.

The Debtor or LSF9, as applicable under the Plan, shall fund the Post-Confirmation Date Reserve in the amount of $25,000 on the Closing Date,

A final decree shall be entered as soon as practicable after distributions have commenced under the Plan.

L. Continuation of Bankruptcy Stays

All stays provided for in the Chapter 11 Case under Section 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

M. Avoidance and Recovery Actions

The Debtor believes, after a thorough investigation and review with its counsel, that there are no causes of action under Sections 544, 547, 548, 550 and 553 of the Bankruptcy Code. As such, the Debtor does not intend to pursue any such causes of action.

The Debtor's estate was only formed one (1) day before the Petition Date, so no avoidance actions relating to pre-petition transactions could exist.

In addition, any Claims relating to unfounded allegations by Lawrence Lifschultz that the Debtor's principals previously turned down in 2008 a lucrative offer for the Property has absolutely no merit. In fact, such offer was actually mishandled *by Lawrence Lifschultz himself*, as evidenced by emails from the putative purchaser informing the Property real estate brokers at the time that he was no longer interested in acquiring the Property as he was "done with this difficult and 'troubled' guy." Accordingly, such Claim has no merit, and even if the Claim had any merit, the Claim would not be assertable against the Debtor but only against the Debtor's principals. Furthermore, such claim is long since time barred under New York Law.

Moreover, any claim of the Debtor's estate for unpaid use and occupancy from Mr. Abbott has no merit due to Mr. Abbott continuing to maintain and upkeep and repair the Property from his own personal funds. Since the Petition Date, Mr. Abbott has contributed over $80,000 of his personal funds, which exceeds the fair market use and occupancy for the Property.

Accordingly, for all of the foregoing reasons, the Debtor believes there are no Avoidance and Recovery Actions to pursue on behalf of the Debtor's estate.

III. FINANCIAL INFORMATION

A. The Debtor's Schedules of Assets and Liabilities. Schedule of the Debtor's assets and liabilities have been filed with the Clerk of the Court and may be inspected by all interested parties.

B. Chapter 7 Liquidation Analysis. Because the Plan contemplates a liquidation of the Property, no interest would be served by administering the estate under Chapter 7,which would simply add another layer of administrative expenses, thereby eroding any potential recovery to creditors. Accordingly, the Plan provides a better result to creditors than a liquidation under Chapter 7; nor could a Chapter 7 possibly result in a greater distribution that that proposed under the Plan.

IV. CONFIRMATION PROCEDURE

A. Voting. As set forth hereinabove and in the Plan, Classes 1,2,3 and 4 are impaired and entitled to vote under the Plan. Class 5 is unimpaired and conclusively presumed to accept the Plan. Therefore, their votes will not be solicited.

B. Confirmation Hearing. The Bankruptcy Code requires the Bankruptcy Court to hold a hearing on Confirmation of the Plan. The Confirmation hearing has been scheduled for the date set forth on the Court Order which accompanies this Disclosure Statement. The Confirmation hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjournment made at the Confirmation hearing. At the Confirmation hearing, the Bankruptcy Court will (i) hear and determine any objections to the Plan and to Confirmation of the Plan; (ii) determine whether the Plan meets the requirements of the Bankruptcy Code and has been proposed in good faith; and (iii) confirm or refuse to confirm the Plan.

C. Statutory Requirements for Confirmation of the Plan

At the confirmation hearing, the Debtor will request that the Bankruptcy Court determine that the Plan satisfies the requirements of Section 1129 of the Bankruptcy Code. If so, the Bankruptcy Court shall enter an order confirming the Plan. The applicable requirements of Section 1129 of the Bankruptcy Code are as follows:

(a) The Plan must comply with the applicable provisions of the Bankruptcy Code;

(b) The Debtor must have complied with the applicable provisions of the Bankruptcy Code;

(c) The Plan has been proposed in good faith and not by any means forbidden by law;

(d) Any payment made or promised to be made by the Debtor under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Case, or in connection with the Plan and incident to the Chapter 11 Case, has been disclosed to the

Bankruptcy Court, and any such payment made before Confirmation of the Plan is reasonable, or if such payment is to be fixed after Confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable;

(e) The Debtor has disclosed the identity and affiliation of any individual proposed to serve, after Confirmation of the Plan, as a director, officer, or voting trustee of the Debtor under the Plan. Moreover, the appointment to, or continuance in, such office of such individual, is consistent with the interests of holders of Claims and Interests and with public policy. Since the Plan contemplates a liquidation of the Debtor's Property, the Debtor does not and will not operate or generate income, there shall be no post-Confirmation compensation by the Debtor to the Debtor's existing management.

(f) Feasibility and "Best Interest" Tests: The Bankruptcy Code requires that in order to confirm the Plan, the Bankruptcy Court must find that confirmation of the Plan is not likely to be followed by liquidation or the need for further financial reorganization of the Debtor (the "Feasibility Test").

For a plan to meet the Feasibility Test, the Bankruptcy Court must find that the Debtor will possess the resources to meet its obligations under the Plan. Since the Plan contemplates a liquidation of the Debtor's assets, Confirmation of the Plan is not likely to be followed by the need for further financial reorganization of the Debtor or any successor to the Debtor under the Plan. Until such time as the assets of the Debtor are fully liquidated, the Debtor has provided for ample reserves to ensure that there is sufficient cash on hand to satisfy the basic and critical expenses of the Debtor.

In addition, the Bankruptcy Court must determine that the values of the distributions to be made under the Plan to each Class will equal or exceed the values which would be allocated to such Class in a liquidation under Chapter 7 of the Bankruptcy Code (the "Best Interest Test"). The Best Interest Test with respect to each impaired Class requires that each holder of a Claim or Interest in such Class either (i) accept the Plan or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code. Because all creditors are unimpaired, no scenario exists, including but not limited to Chapter 7 liquidation, under which the creditors would be entitled to receive a distribution greater than that which the Debtor has proposed in its Plan.

In order to ensure feasibility of the Plan, the Debtor's principals have committed to maintaining, upkeeping, preserving and insuring the Property pending the Plan effectuation and sale process described therein.

The Plan therefore satisfies all of the statutory requirements of Chapter 11 of the Bankruptcy Code, including the "best interest" and feasibility requirements. The Plan is "fair and equitable" and "does not discriminate unfairly". The Plan complies with all other requirements of Chapter 11 of the Bankruptcy Code and the Plan has been proposed in good faith.

D. Objections to Confirmation. Objections to confirmation must be in writing and specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim held by the objector. Any such objection must be filed with the Bankruptcy Court and served upon the following, with a copy to the Court's chambers, so that it is received

by them on or before 4:00 P.M. on the date set forth in the Court Order which accompanies this Disclosure Statement:

DelBello Donnellan Weingarten Wise & Wiederkehr, LLP
One North Lexington Avenue
White Plains, New York 10601
(914) 681-0200
Jonathan S. Pasternak, Esq.

Objections to confirmation of the Plan are governed by Federal Rule of Bankruptcy Procedure 9014.

V. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN.

If the Plan is not confirmed and consummated, the alternatives include: (i) preparation and presentation of an alternative plan of reorganization; (ii) liquidation of the Debtor under Chapter 7 of the Bankruptcy Code; or (iii) dismissal of the Chapter 11 Case, which would result in all creditor claims and rights of collection and enforcement being restored in full.

VI. POST-CONFIRMATION REPORTS

The Debtor shall be responsible for filing post-Confirmation reports with the Bankruptcy Court and shall pay all quarterly fees required under 28 U.S.C. § 1930 and 31 U.S.C. §3717, on behalf of the Debtor, until the earlier of (a) conversion or dismissal of the Chapter 11 Case or (b) entry of a final decree closing the Chapter 11 Case.

VII. TAX CONSEQUENCES

A. Tax Consequences of Confirmation. Confirmation may have federal income tax consequences for the Debtor and holders of Claims and Interests. The Debtor has not obtained and does not intend to request a ruling from the Internal Revenue Service (the "IRS"), nor has the Debtor obtained an opinion of counsel with respect to any tax matters. Any federal income tax matters raised by Confirmation of the Plan are governed by the Internal Revenue Code and the regulations promulgated thereunder. The Debtor, creditors and holders of Interests are urged to consult their own counsel and tax advisors as to the consequences to them, under federal and applicable state, local and foreign tax laws, of the Plan. The following is intended to be a summary only and not a substitute for careful tax planning with a tax professional. The federal, state and local tax consequences of the Plan may be complex in some circumstances and, in some cases, uncertain. Accordingly, each holder of a Claim or Interest is strongly urged to consult with his or her own tax advisor regarding the federal, state and local tax consequences of the Plan, including but not limited to the receipt of cash under the Plan.

B. Tax Consequences to the Debtor. The Debtor may not recognize income as a result of the discharge of debt pursuant to the Plan because Section 108 of the Internal Revenue Code provides that taxpayers in bankruptcy proceedings do not recognize income from discharge of indebtedness. However, a taxpayer is required to reduce its "tax attributes" by the amount of the debt discharged. Tax attributes are reduced in the following order: (i) net operating losses; (ii) general business credits; (iii) capital loss carryovers; (iv) basis in assets; (v) passive activity loss and credit carryovers; and (vi) foreign tax credit carryovers.

VIII. NOTICES

All notices and correspondence should be forwarded in writing to:

DELBELLO DONNELLAN WEINGARTEN
WISE & WIEDERKEHR, LLP
One North Lexington Avenue
White Plains, New York 10601
Attn: Jonathan S. Pasternak, Esq.
Julie Curley, Esq.

IX. RECOMMENDATION

The Debtor believes that Confirmation of the Plan is preferable to any of the alternatives described above. The Plan will provide greater recoveries than those available in liquidation to all holders of Claims. Any other alternative would cause significant delay and uncertainty, as well as substantial additional administrative costs.

Dated: White Plains, New York
March 17, 2017

LIFSCHULTZ ESTATE MANAGEMENT LLC

By: */s/Bruce Abbott*
Bruce Abbott, Managing Member

DELBELLO DONNELLAN WEINGARTEN
WISE & WIEDERKEHR, LLP
Attorneys for the Debtor

BY */s/ Jonathan S. Pasternak*
Jonathan S. Pasternak, Esq.
One North Lexington Avenue
White Plains, New York 10601
(914) 681-0200