UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	
	:	Chapter 11
BICOM NY, LLC, *et al.*,[1]	:	
	:	Case No. 17-11906 (MEW)
Debtors.	:	
	:	(Jointly Administrated)

DISCLOSURE STATEMENT FOR THE JOINT PLAN OF LIQUIDATION OF THE DEBTORS AND DEBTORS-IN-POSSESSION AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

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Dated: August 3, 2018

[1] The last four numbers of each Debtor's taxpayer identification number are BICOM NY, LLC (9990); ISCOM NY, LLC (1589); and Bay Ridge Automotive Company, LLC (0694).

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INTRODUCTORY DISCLOSURES

THIS DISCLOSURE STATEMENT, WHICH HAS BEEN FILED BY THE DEBTORS, IN THEIR CAPACITY AS DEBTORS AND DEBTORS-IN-POSSESSION, AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS ("CREDITORS' COMMITTEE" OR "COMMITTEE") CONTAINS A SUMMARY OF MATERIAL PROVISIONS OF THE PROPOSED JOINT PLAN OF LIQUIDATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE, INCLUDING PROVISIONS RELATING TO THE TREATMENT OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS AND THE MEANS OF IMPLEMENTATION OF THE PLAN.

THIS DISCLOSURE STATEMENT ALSO SUMMARIZES CERTAIN FINANCIAL INFORMATION CONCERNING THE DEBTORS AND THE CLAIMS ASSERTED AGAINST THE DEBTORS IN THESE JOINTLY ADMINISTERED CASES. WHILE THE DEBTORS BELIEVE THAT THIS DISCLOSURE STATEMENT CONTAINS ADEQUATE INFORMATION WITH RESPECT TO THE DOCUMENTS AND INFORMATION SUMMARIZED, HOLDERS OF CLAIMS AND INTERESTS SHOULD CAREFULLY REVIEW THE ENTIRE PLAN AND EACH OF THE DOCUMENTS REFERENCED IN THIS DISCLOSURE STATEMENT AND SHOULD SEEK THE ADVICE OF THEIR OWN LEGAL COUNSEL AND OTHER ADVISORS BEFORE CASTING THEIR BALLOTS ON THE PLAN.

EXCEPT FOR THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT, THE EXHIBITS ATTACHED HERETO, NO REPRESENTATIONS CONCERNING THE DEBTORS, THE DEBTORS' ASSETS AND LIABILITIES, THE PAST OPERATIONS OF THE DEBTORS, THE PLAN AND ITS TERMS, OR ALTERNATIVES TO THE PLAN ARE AUTHORIZED, NOR ARE ANY SUCH REPRESENTATIONS TO BE RELIED UPON IN ARRIVING AT A DECISION WITH RESPECT TO THE PLAN. ANY INFORMATION WITH RESPECT TO SUCH TOPICS THAT ARE PROVIDED TO SECURE ACCEPTANCE OR REJECTION OF THE PLAN, WHICH IS NOT CONTAINED IN THESE SOLICITATION MATERIALS, IS UNAUTHORIZED AND SHOULD BE REPORTED IMMEDIATELY TO LEGAL COUNSEL FOR THE DEBTORS AND CREDITORS' COMMITTEE.

UNLESS INDICATED OTHERWISE, THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF OR THE DATE OTHERWISE INDICATED HEREIN, AND NEITHER DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY RECOVERY MADE IN CONNECTION WITH THE PLAN WILL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT SINCE THE DATE THIS DISCLOSURE STATEMENT AND THE MATERIALS RELIED UPON IN PREPARING THIS DISCLOSURE STATEMENT WERE COMPILED.

THE APPROVAL OF THIS DISCLOSURE STATEMENT BY THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK (THE "BANKRUPTCY COURT" OR "COURT") DOES NOT CONSTITUTE AN

ENDORSEMENT BY THE BANKRUPTCY COURT OF THE PLAN OR A GUARANTEE OF THE ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT.

NOTHING CONTAINED IN THIS DISCLOSURE STATEMENT, EXPRESS OR IMPLIED, IS INTENDED TO GIVE RISE TO ANY COMMITMENT OR OBLIGATION OF THE DEBTORS OR ANY OTHER PARTY, NOR WILL IT BE CONSTRUED AS CONFERRING UPON ANY PERSON ANY RIGHTS, BENEFITS, OR REMEDIES OF ANY NATURE WHATSOEVER. THIS DISCLOSURE STATEMENT IS INFORMATIONAL ONLY. ADDITIONALLY, HOLDERS OF CLAIMS AND INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL, OR TAX ADVICE. EACH CREDITOR AND INTEREST HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL, AND TAX ADVISORS AS TO ANY MATTER CONCERNING THE PLAN, THE EFFECTS OF IMPLEMENTATION OF THE PLAN, AND THE VOTING PROCEDURES APPLICABLE TO THE PLAN.

I. INTRODUCTION

Pursuant to title 11 of the United States Code, 11 U.S.C. §§ 101 *et. seq.* (the "Bankruptcy Code"), BICOM NY, LLC f/d/b/a Jaguar Land Rover Manhattan ("BICOM"), ISCOM NY, LLC f/d/b/a Maserati of Manhattan ("ISCOM"), and Bay Ridge Automotive Company, LLC f/d/b/a Bay Ridge Ford ("BRAC") (collectively, the "Debtors"), debtors and debtors-in-possession in the above Chapter 11 cases (the "Chapter 11 Cases"), and the Official Committee of Unsecured Creditors (together with the Debtors, the "Plan Proponents"), propose the following disclosure statement (the "Disclosure Statement") pursuant to Section 1125(b) of the Bankruptcy Code for use in the solicitation of votes on their Joint Plan of Liquidation (the "Plan"). A copy of the Plan accompanies this Disclosure Statement as **Exhibit A**. All capitalized terms used herein, unless otherwise provided, have the meanings set forth in Article I of the Plan.

The purpose of this Disclosure Statement is to set forth information (a) regarding the Debtors and the Chapter 11 Cases, (b) concerning the Plan and alternatives to the Plan, (c) advising the holders of Claims and Equity Interests of their rights under the Plan and (d) assisting the holders of Claims in making an informed judgment regarding whether they should vote to accept or reject the Plan.

By order dated __, 2018 (the "Disclosure Statement Order"), the Bankruptcy Court approved this Disclosure Statement, in accordance with Section 1125 of the Bankruptcy Code, as containing "adequate information" to enable a hypothetical, reasonable creditor or investor typical of holders of Claims against the Debtors to make an informed judgment as to whether to accept or reject the Plan, and authorized its use in connection with the solicitation of votes with respect to the Plan.

The Disclosure Statement Order sets forth in detail the deadlines, procedures and instructions for voting to accept or reject the Plan, and for filing objections to confirmation of the Plan, the record date for voting purposes and the applicable standards for tabulating Ballots. In addition, detailed voting instructions accompany each Ballot. Please note that the hearing to confirm the Plan will be held on **_____, 2018 at _____ am (**ET) before the Honorable Michael E. Wiles in Courtroom 617, at the United States Bankruptcy Court for the Southern District of New York, located at One Bowling Green, New York, New York 10004-1408.

WHO IS ENTITLED TO VOTE: Under the Bankruptcy Code, only holders of claims or interests in "impaired" classes are entitled to vote on the Plan (unless, for reasons discussed in more detail below, such holders are deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code). Under section 1124 of the Bankruptcy Code, a class of claims or interests is deemed to be "impaired" under the Plan unless (i) the Plan leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder thereof or (ii) notwithstanding any legal right to an accelerated payment of such claim or interest, the Plan, among other things, cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default.

The following table summarizes: (i) the treatment of Claims and Equity Interests under the Plan, (ii) the Classes which are impaired by the Plan, (iii) the Classes which are entitled to

vote on the Plan, and (iv) the estimated recoveries for holders of Claims. The table is qualified in its entirety by reference to the full text of the Plan. For a more detailed summary of the terms and provisions of the Plan *see Article V – Summary of the Major Terms of the Plan* below.

Class	Designation	Treatment	Impaired	Entitled to Vote	Est. Amount of Claims	Est. % of Recovery
N/A	Administrative Claims, including Professional Fee Claims	Paid Cash: (i) on the Effective Date or as soon as practicable thereafter (or, if not then due, when such Allowed Administrative Expense Claim is due or as soon as practicable thereafter); (ii) if such Claim is Allowed after the Effective Date, on the date such Claim is Allowed or as soon as practicable thereafter; (iii) at such time and upon such terms as may be agreed upon by such Holder and the Debtor; or (iv) at such time and upon such terms as set forth in an order of the Bankruptcy Court. To the extent a Professional Fee Claim is not paid in full upon the Effective Date, such Professional agrees to payment on account of such claim after the Effective Date pursuant to the Trust Waterfall.	No	No (conclusively presumed to accept)	$10,000.00[2]	100 %
N/A	Priority Tax Claims[3]	Each Holder of an Allowed Priority Tax Claim shall be	No	No (treated in accordance	$5,600,000 (BICOM) [4]	Contingent On Amount

[2] Approximately $18.3 million of Administrative Expense Claims have been filed and the Debtors do not have the funds to pay any amount of such Claims upon the Effective Date if they are Allowed Claims. Nonetheless, the Plan Proponents believe that the Debtors' inability to pay such Claims will not bar the confirmation of the Plan and that these Administrative Claims will ultimately be reclassified to general, unsecured claims or disallowed in their entirety. For details on these Administrative Expense Claims *see* Article V(d)(3).

[3] Priority Tax Claims include those tax claims that are Secured Claims. The DTF has filed proofs of claim asserting secured claims in the amount of $771,925.27 and $172,980.52 against BICOM and BRAC, respectfully, based on unpaid sales tax.

[4] The DTF has filed a proof of claim asserting a $28,572,859 priority tax claim against BICOM for unpaid, pre-petition sales tax. The CRO believes that the foregoing claim is significantly overstated.

		entitled to receive its *Pro Rata* share in Cash from the Liquidation Trust, subject to the Trust Waterfall.		with the Bankruptcy Code)	$500,000 (ISCOM) $810,000 (BRAC)	of Liquidation Trust Assets
N/A	DIP Claims	Chase, as Holder of the Allowed DIP Claims, shall be entitled to its share of the pursuant to the Trust Waterfall.	No	No		Contingent On Amount of Liquidation Trust Assets
1A-1C	Priority Non-Tax Claims	Each Holder of an Allowed Priority Non-Tax Claim shall be entitled to receive its *Pro Rata* share in Cash from the Liquidation Trust, subject to the Trust Waterfall.	Yes	Yes	$1.3 million (BICOM) $86,000 (ISCOM) $306,000 (BRAC)	Contingent On Amount of Liquidation Trust Assets
2A-2C	Chase Residual Claim	Chase, as Holder of the Allowed Chase Residual Claim, shall be entitled to its share of the Net Recoveries pursuant to the Trust Waterfall.	Yes	Yes (consented to treatment pursuant to the Trust Waterfall and required to vote to accept a Conforming Plan)	$3.55 million	Contingent On Amount of Liquidation Trust Assets
3A-3C	General, Unsecured Claims	Each holder of an Allowed General Unsecured Claim shall be entitled to receive its *Pro Rata* share in Cash from the Liquidation Trust, subject to the Trust Waterfall.	Yes	Yes	$59.3 million (BICOM) $28.3 million (ISCOM) $37.7 million (BRAC)	Contingent On Amount of Liquidation Trust Assets
4A-4C	Equity Interests	Equity Interests shall be cancelled, extinguished, and of no further force and effect, without the payment of any monies or consideration except to the extent funds	Yes	No (conclusively presumed to reject)		0%

		remain after payment in full of the Unclassified Claims and Classes 1 through 3 Claims.				

DECIDING HOW TO VOTE ON THE PLAN: All holders of Claims are encouraged to read this Disclosure Statement, its exhibits, and the Plan carefully and in their entirety before, if entitled, deciding to vote either to accept or to reject the Plan. This Disclosure Statement contains important information about the Plan, considerations pertinent to acceptance or rejection of the Plan, and developments concerning the Chapter 11 Cases.

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR VOTE MUST BE RECEIVED BY THE VOTING AGENT IN THE MANNER SET FORTH IN ARTICLE XV OF THE DISCLOSURE STATEMENT ENTITLED "VOTING INSTRUCTIONS" ON OR BEFORE THE **VOTING DEADLINE OF [__:__] P.M., PREVAILING EASTERN TIME, ON [____], 2018**, UNLESS EXTENDED BY THE DEBTORS (IN CONSULTATION WITH THE COMMITTEE).

ARTICLE XV OF THIS DISCLOSURE STATEMENT PROVIDES ADDITIONAL DETAILS AND IMPORTANT INFORMATION REGARDING VOTING PROCEDURES AND REQUIREMENTS. PLEASE READ ARTICLE XV OF THIS DISCLOSURE STATEMENT CAREFULLY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

THE DEBTORS AND THE COMMITTEE STRONGLY RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN. THEY BELIEVE THAT THE PLAN MAXIMIZES THE VALUE OF THE DEBTORS' ESTATES AND REPRESENTS THE BEST AVAILABLE ALTERNATIVE.

The Plan Proponents will file a plan supplement (the "Plan Supplement") as early as practicable but in no event fewer than seven (7) days prior to the Confirmation Hearing, or on such other date as may be established by the Bankruptcy Court. Parties may obtain a copy of the Plan and Plan Supplement (i) from counsel for the Debtors or the Committee, (ii) at http://www.jndla.com/bicom; or (iii) for a fee via PACER at http://www.deb.uscourts.gov.

The Plan is a liquidating plan and provides for the vesting of all remaining Assets of the Debtors in a Liquidation Trust, governed by a Liquidation Trust Agreement, upon the Effective Date of the Plan. All or substantially all of the Debtors' operating Assets have been sold by the Debtors. The Debtors or the Liquidation Trustee will dispose of any remaining Assets pursuant to the terms of the Plan and the Liquidation Trust Agreement until all Assets are fully liquidated or abandoned. The Liquidation Trustee will, at an appropriate time following the liquidation or abandonment of some or all of the remaining Assets vested with the Liquidation Trust and payment of all expenses incurred by the Liquidation Trustee in the administration of the Liquidation Trust, distribute the net proceeds from such liquidation to the Holders of Allowed Claims in order of the priorities set forth in the Plan and subject to the Trust Waterfall (defined

below). The Plan further provides for the termination of all Equity Interests in the Debtors and the deemed dissolution of the Debtors from and after the Effective Date of the Plan.

II. OVERVIEW OF CHAPTER 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. However, it may also be used to effectuate an orderly liquidation of a debtor's business and assets. In addition to permitting a debtor rehabilitation or liquidation, chapter 11 promotes equality of treatment for similarly situated creditors and similarly situated equity interest holders, subject to the priority of distributions prescribed by the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the bankruptcy petition date. Consummating a plan is the principal objective of a chapter 11 case. The Bankruptcy Court's confirmation of a plan binds the debtor, any person acquiring property under the plan, all creditors and equity interest holder of a debtor, and any other person or entity as may be ordered by the Bankruptcy Court in accordance with the applicable provisions of the Bankruptcy Code. Subject to certain limited exceptions, the plan provides for the treatment of each of the debtor's liabilities.

Prior to soliciting acceptances of a proposed chapter 11 plan, section 1125 of the Bankruptcy Code requires the plan proponents to prepare a disclosure statement containing information of a kind, and in sufficient detail, to enable a hypothetical reasonable creditor or investor to make an informed judgment regarding whether to accept the chapter 11 plan. This Disclosure Statement is being submitted in accordance with the requirements of section 1125 of the Bankruptcy Code.

III. BACKGROUND

a. Description of the Debtors and Their Businesses

The Debtors operated retail motor vehicle dealerships in New York City under franchise agreements, or frequently referred to in the automotive industry as "Dealer Sales and Service Agreements," with their respective manufacturer and franchisor. BICOM owned and operated a "dual" Jaguar/Land Rover brand dealership pursuant to franchise agreements (the "JLRNA Franchise Agreements") between BICOM and Jaguar Land Rover North America, LLC ("JLRNA"), the manufacturer. BICOM's showroom and service facility were located at 787 Eleventh Avenue, New York, New York (the "BICOM Premises"). ISCOM owned and operated a Maserati brand dealership pursuant to a franchise agreement (the "Maserati Franchise Agreement") between ISCOM and Maserati North America, Inc. ("MNA"), the manufacturer. ISCOM's showroom was located at 1 York Street, New York, New York (the "ISCOM Showroom"). BRAC owned and operated a Ford brand dealership pursuant to a franchise agreement (the "Ford Franchise Agreement" and, together with the JLRNA Franchise Agreements and the Maserati Franchise Agreement, the "Franchise Agreements") between BRAC and Ford Motor Company ("Ford"), the manufacturer. BRAC's showroom (the "BRAC Showroom") was located at 612 86th Street, Brooklyn, New York and its service facility (the "BRAC Service Facility") was located at the northeast corner of the Brooklyn Army Terminal commonly known as 152 58th Street, Brooklyn, New York.

The sole member of ISCOM and BICOM is BNF Partners NY, LLC ("BNF Partners"), a non-debtor. The members of BNF Partners are Alexander Boyko, Venjamin Nilva, and Gary Flom (collectively, as the "Debtors' Principals"). The members of BRAC are Mr. Boyko (30 percent), Mr. Nilva (30 percent), and Mr. Flom (40 percent).

b. Events Leading to the Chapter 11 Cases and Prepetition Indebtedness

1. The Debtors' Prepetition Secured Indebtedness and Efforts to Sell the Dealerships

As of December 11, 2015, the Debtors, two non-debtor affiliates, IFC NY, LLC f/d/b/a Fiat of Brooklyn ("IFC") and Kings Automotive Holdings, LLC f/d/b/a Kings Chrysler Dodge Jeep Ram ("KAH"), (IFC and KAH with the Debtors collectively, as the "Borrowers"), and J.P. Morgan Chase Bank, NA ("Chase") entered into, among other agreements, a line of credit, in the original principal amount of $82 million and related agreements (collectively, the "Floorplan Facility"), pursuant to which Chase financed the purchase by the Debtors of new and used vehicles (the "Vehicle Inventories") from manufacturers and distributors ("Advances"). The Borrowers' joint and several obligations[5] under the Floorplan Facility were primarily secured by the Vehicle Inventories and each Borrower's franchise rights. The Debtors' Principals and a non-debtor affiliate, 8904 5th Avenue Realty, LLC ("8904"), guaranteed the Borrowers' obligations under the Floorplan Facility. IFC and KAH ceased operating prior to the Commencement Date. The Debtors and the Debtors' Principals also guaranteed a $3,960,000 loan to 8904 secured by a mortgage on a premises at 8904 5th Avenue, Brooklyn, New York 11209 (the "8904 Mortgage").

Prior to June 2016, the Borrowers defaulted under the Floorplan Facility due to, *inter alia*, their failure to comply with net working capital requirements and to remit principal payments due to Chase upon the sale of a vehicle in the Vehicle Inventory, a practice referred to in the industry as "selling out of trust" or "SOT." The Borrower and Chase then entered into a forbearance agreement dated as of June 23, 2016, and several other forbearance agreements and modifications followed after the Borrowers defaulted under the initial forbearance agreement. In an attempt to fund the Debtors' efforts to restructure their affairs, on or about September 14, 2016, Chase agreed to enter into a working capital agreement with the Borrowers for a maximum amount up to $5,000,000 (the "Working Capital Facility").

The Debtors' financial prospects did not improve despite the various accommodations and additional funding provided by Chase. On May 4, 2017, Chase notified the Borrowers that, among other things, it: a) would no longer make Advances; b) declared immediately due and payable the sums owed under the Floorplan Facility, equal then to approximately $57 million; c) declared immediately due and payable the sums owed under the Working Capital Facility, equal then to approximately $2 million; and d) declared immediately due and payable the sums owed in connection with the 8904 Mortgage, equal then to approximately $3.5 million. On May 9, 2017, Chase commenced an action in the Supreme Court for the State of New York, County of New York (the "Chase State Court Action") (*JPMorgan Chase Bank, N.A. v. BICOM NY, LLC, et al.*, Index No. 652504/2017) as a result of the Debtors' default under the Floorplan Facility

[5] Each of the Debtors also guaranteed substantially all of the obligations to Chase of each of the other Debtors, whether under the Floorplan Facility or otherwise.

and Working Capital Facility. In the Chase State Court Action, in addition to seeking payment of the amounts due, Chase sought to: a) seize the Vehicle Inventories, the Debtors' parts inventory, and Chase's other collateral; and b) restrain the Debtors from removing or selling any of Chase's Collateral. On May 9, 2017, the Supreme Court entered a Temporary Restraining Order prohibiting the Debtors from selling or transferring any of Chase's collateral.

The Debtors began soliciting purchasers for their assets soon after the commencement of the State Court Action. Numerous parties expressed serious interest in purchasing the Debtors' assets. On or about June 15, 2017, after weeks of negotiation, the Borrowers and Chase entered into a forbearance agreement, dated as of June 1, 2017, allowing the Debtors to operate, under certain conditions, if they could secure an agreement to sell their assets and provide an executed agreement to Chase by June 23, 2017. The Debtors, failed to provide an executed agreement or to consummate the sale of their assets within the agreed period.

2. Defaults under Franchise Agreements and Real Property Leases

On or about June 8, 2017, as a result of ISCOM's alleged defaults under the Maserati Franchise Agreement, and pursuant to the New York Franchised Motor Vehicle Dealers Act (the "Dealer Act"), MNA served a notice attempting to terminate the Maserati Franchise Agreement. On or about June 28, 2017, as a result of BICOM's alleged defaults under the JLRNA Franchise Agreements, and pursuant to the Dealer Act, JLRNA served notices attempting to terminate the JLRNA Franchise Agreements. According to the dates set forth in the termination notices, termination of the JLRNA Franchise Agreement and the Maserati Franchise Agreement would have become effective after the Commencement Date.

In addition, the Debtors defaulted under their lease agreements for non-residential real property. Notably, BICOM defaulted under the Retail Lease Agreement, dated as of November 18, 2015, as amended (the "Georgetown Lease"), through which it leased the 787 Facility from Georgetown Eleventh Avenue Owners, LLC ("Georgetown"). On or about June 29, 2017, after serving several notices of default, Georgetown served on BICOM a notice seeking to terminate the Georgetown Lease if, *inter alia*, BICOM did not cure all outstanding defaults referenced in the prior default notices by July 11, 2017. On or about July 5, 2017, Georgetown presented a draw of the entire $6 million letter of credit, issued by Chase, that secured BICOM's obligations under the Georgetown Lease, and Georgetown received the proceeds on or about July 10, 2017.

Due to the Debtors' severe lack of liquidity, they were unable to fund basic operating expenses, including insurance premiums and wages. In the ordinary course of business the Debtors maintained various insurance policies with multiple carriers. Some of these insurance policies either terminated or were on the verge of termination by the carrier due to the non-payment of premiums. As a result of the uncertainty surrounding the Debtors' future, their workforce shrank by approximately 50 percent immediately prior to the Commencement Date due to voluntary and involuntary terminations.

In order to stay the termination of the Georgetown Lease, each of the Debtors filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on July 10, 2017 (the "Commencement Date").

IV. SIGNIFICANT EVENTS DURING THE BANKRUPTCY CASE

a. First Day Pleadings

To minimize the disruption to the Debtors' operations or the Chapter 11 Cases, the Debtors filed certain motions and applications with the Bankruptcy Court on the Commencement Date or shortly thereafter seeking the relief summarized below. The relief sought in the "first day" pleadings facilitated the Debtors' transition into chapter 11 and aided in the preservation of the Debtors' value while they pursued a sale of their assets. The final orders entered by this Court on the Debtors' first day pleadings include the following:

- *Order Granting Motion for Entry of An Order Directing Joint Administration* [ECF No. 4]

- *Final Order Granting Debtors' Motion For Entry of An Order Authorizing the Debtors' Continued Use of Their: (I) Cash Management Systems; (II) Existing Bank Accounts; (III) Business Forms and Books and Records; and (IV) Granting Related Relief* [ECF No. 125]

- *Final Order Granting Debtors' Motion For Entry of An Order Authorizing The Debtors To: (I) Pay Certain Prepetition Wages, Salaries, And Other Compensation; (II) Continue Employee Benefits; and (III) Granting Related Relief* [ECF No. 128]

- *Final Order (I) Authorizing Debtors To (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral of J.P. Morgan Chase Bank, N.A., (II) Granting Adequate Protection to J.P. Morgan Chase Bank, N.A., (III) Scheduling a Final Hearing, and (IV) Granting Related Relief* [ECF No. 123] ("Final DIP Financing Order")

- *Final Order Granting Debtors' Motion For Entry of An Order Authorizing the Debtors To: (I) Satisfy Insurance Premiums and Related Obligations Due Prepetition; (II) Renew, Reinstate, Amend, Supplement, Extend, or Purchase Insurance Policies; (III) and Granting Related Relief* [ECF No. 127] ("Final Insurance Order")

b. Post-Petition Financing

In the Final DIP Financing Order entered on August 8, 2017, the Debtors were authorized to obtain post-petition financing (the "DIP Facility") from Chase in the aggregate principal amount of $2,500,000.00, of which up to $1,500,000.00 was immediately made available upon entry of an interim financing order entered on July 14, 2017 [ECF No. 26]. The Final DIP Financing Order (and the interim financing order) also authorized the Debtors to utilize cash collateral (i.e., the proceeds of Chase's collateral) in accordance with Section 363(c)(2) of the Bankruptcy Code, including the proceeds of sales from the Vehicle Inventories, and required the Debtors to repay to Chase, as a form of adequate protection under Section 361 of the Bankruptcy Code, the allocable portion of the Floorplan Facility for each vehicle sold. Most or all of the foregoing adequate protection payments were not made to Chase.

To secure the Debtors' obligations under the DIP Facility, the Final DIP Financing Order granted Chase pursuant to Section 364 of the Bankruptcy Code: (1) super-priority administrative claims (which could not be paid out of the proceeds of Avoidance Actions (as defined in the Final DIP Financing Order)); (2) a perfected first priority lien on all of the Debtors' property (except Avoidance Actions)[6] that was not otherwise encumbered by a prepetition lien; and (3) a perfected junior lien on all property subject to a senior prepetition liens, including a priority lien in BRAC's leasehold estate for the BRAC Service Facility located at the Brooklyn Army Terminal, which BRAC subleased from the New York Economic Development Corporation under an *Agreement of Lease* dated January 20, 2012 (the "BAT Lease"). T.D. Bank, N.A. held a first priority lien on the BAT Lease and BRAC's leasehold estate as a result of a loan made on or about May 22, 2012 to BRAC in the original principal amount of $3,000,000 (the "T.D. Loan").

c. Appointment of Official Committee of Unsecured Creditors

On July 31, 2017 [ECF No. 89], the United States Trustee appointed an Official Committee of Unsecured Creditors under Section 1102 of the Bankruptcy Code, which, as amended [ECF No. 94], comprises Market Masters Media Group, Inc., The Daily News LP, and Motivated Security Services, Inc.

d. Retention of Professionals

1. Debtor's Professionals and Appointment of CRO

The Bankruptcy Court approved the Debtors' retention and employment of the following professionals:

- Wilk Auslander, LLP as bankruptcy and restructuring counsel [ECF No. 170]
- Aboyoun & Heller, LLC as special transactional and franchise counsel [ECF No. 169]
- Carl Marks Advisory Group, LLC ("CMAG") to provide the Debtors a Chief Restructuring Officer ("CRO") and additional personnel [ECF No. 126]. Steven F. Agran, Managing Director with CMAG, was appointed as the Debtors' CRO and continues to serve in that capacity.

2. Committee's Professionals

On September 11, 2017, the Bankruptcy Court entered an order [ECF No. 206] approving the Creditors' Committee's retention of Moses & Singer, LLP as its counsel *nunc pro tunc* to August 4, 2017. On December 20, 2017, the Bankruptcy Court entered an order [ECF No. 391] approving the Creditors' Committee's retention of EisnerAmper LLP as financial advisor. On

[6] Avoidance Actions were defined in the Final DIP Financing Order as the Debtors' claims and causes of action under sections 502(d), 544, 545, 547, 548, 549, 550, and 553 of the Bankruptcy Code and any other avoidance actions under the Bankruptcy Code.

October 2, 2017, the Bankruptcy Court entered an order [ECF No. 262] approving the Creditors' Committee's retention of Klestadt Winders Jureller Southard & Stevens, LLP as conflicts counsel to the Creditors' Committee.

e. Claims Bar Dates

On October 19, 2017 the Court entered the *Order Establishing Deadlines for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof*, which established November 30, 2017 at 5:00 p.m. (Prevailing Mountain Time), as the deadline for non-governmental units to file proofs of claim in these Chapter 11 Cases and January 8, 2018 at 5:00 p.m. (Prevailing Mountain Time) as the deadline for governmental units to file proofs of claim [ECF No. 303]. The Plan establishes a deadline for Holders of Administrative Claims (including Holders of Professional Fee Claims) to file requests for payment.

f. Bankruptcy Schedules and Statements of Financial Affairs

On the Commencement Date, the Debtors each timely filed their Schedules of Assets (A and B), Exempt Property (C), Creditors Holding Secured Claims (D), Creditors Holding Unsecured Priority Claims (E), Creditors Holding Unsecured Nonpriority Claims (F), Executory Contracts and Unexpired Leases (G), and Codebtors (H). On July 19, 2017, the Bankruptcy Court entered an *Order Granting Debtors' Motion for Entry of An Order Extending Time to File Statements of Financial Affairs* [ECF No. 50]. On August 10, 2017, the Debtors each filed their Statements of Financial Affairs.

On September 17, 2017, Bankruptcy Court entered an *Order Authorizing the Employment and Retention of JND Corporate Restructuring as Administrative Agent for the Debtor Nunc Pro Tunc to July 19, 2017* [ECF No. 212] under which JND was authorized to, *inter alia*, assist the Debtors in the preparation of Statements of Financial Affairs and amended bankruptcy schedules. On December 1, 2017, Amended Schedule D was filed by BICOM and Amended Schedules E/F and G were filed by each Debtor. The Debtors filed a *Notice of Filing of Amendment to Certain of the Debtors' Schedules of Liabilities* [ECF No. 364] establishing December 31, 2017 as the deadline for holders of claims affected by the amended schedules to file proofs of claim.

g. The DMV Proceedings Against JLRNA and MNA

After the Commencement Date, ISCOM and BICOM filed petitions under the Dealer Act with the New York State Department of Motor Vehicles against MNA and JLRNA, respectively (the "DMV Proceedings"). The commencement of the DMV Proceedings imposed an automatic stay against the termination of the franchise rights of BICOM and ISCOM existing under the franchise agreements and the Dealer Act. The imposition of the automatic stay under section 362(a) of the Bankruptcy Code did not have the effect of staying or tolling the termination of the franchise agreements provided for in the respective termination notices sent by JLRNA and MNA. The DMV Proceedings have been discontinued due to the sale of substantially all of the assets of BICOM and ISCOM, including the disposition of their franchise rights, discussed in detail in Section l below.

h. Minimizing Liabilities Under Debtors' Real Property Leases

1. Georgetown Lease

In a stipulation (the "Georgetown Stipulation") dated August 7, 2017 between BICOM and Georgetown, which was approved by the Court on August 8, 2017 [ECF No. 124], Georgetown agreed to defer payment of BICOM's post-petition obligations under the Georgetown Lease from the Commencement Date through the earlier of September 30, 2017 or the occurrence of certain events such as conversion or dismissal, in exchange for certain agreements set forth in the Georgetown Stipulation.

On August 23, 2017, pursuant to the Assumption Procedures Order (defined and described in Section 1 below) the Debtors filed a *Notice of Assumption, Assignment, and Cure Amount With Respect To Executory Contracts and Unexpired Leases of the Debtors* [ECF No. 162] indicating that the cure amount owed to Georgetown under § 365(b)(1) of the Bankruptcy Code upon the Debtors' assumption of the Georgetown Lease (the "Georgetown Cure Claim") was zero. Georgetown filed an objection to the cure notice on September 8, 2017 [ECF No. 199] asserting a total cure claim of more than $20 million, including approximately $12 million in contingent claims related to mechanics' liens that were imposed on the BICOM Premises in connection with BICOM's construction and renovation of such premises prior to the Commencement Date (the "BICOM Mechanics' Liens") and which Georgetown claimed was an administrative expense claim.

On September 15, 2017 Georgetown filed a *Notice of Proposed Lease Modifications for Potential Bidders* as amended by a notice dated September 20 [ECF Nos. 217, 222] (the "Lease Modification Offer") advising potential bidders of two options for modifications to the Georgetown Lease that Georgetown would accept, subject to the terms and conditions set forth therein, for a qualified bid for BICOM's assets that sought an assumption and assignment of the Georgetown Lease. The Georgetown Lease Modification Offer provided that if the lease was assumed and assigned, the proceeds of the $6 million letter of credit and the proceeds of the $3.3 million Lease bond would constitute Georgetown's sole and exclusive remedy to satisfy the Georgetown Cure Claim.

On September 29, BICOM, Chase, the Committee, and Georgetown entered into an amendment to the Georgetown Stipulation [ECF No. 250], the ("Amended Georgetown Stipulation") in recognition that BICOM would be unable to satisfy its deferred obligations by the September 30, 2017 deadline, because the sale of BICOM's assets would not close prior to such date.

The Amended Georgetown Stipulation, *inter alia*, further deferred payment of BICOM's obligations under the Georgetown Lease until closing of BICOM's sale of its assets and provided that Georgetown would retain the proceeds of the letter of credit and the $3.3 million bond as its sole and exclusive remedy to satisfy the Georgetown Cure Claim provided certain conditions were met including the Court entering an order authorizing the Debtor pursuant to Bankruptcy Rule 9019 to grant a mutual and general release to Georgetown. On November 30, 2017, the Court entered an order [ECF No. 363] authorizing the releases. The Georgetown Lease was assumed by BICOM and assigned to the purchaser of substantially all of its assets, which is discussed below.

As a result of the foregoing, the Proof of Claim Filed by Georgetown against BICOM has been fully satisfied and Georgetown holds no Claims against the Debtors.

2. BICOM and ISCOM Vehicle Storage

On August 16, 2017 [ECF No. 151], the Court entered an order authorizing BICOM to reject that certain *Warehouse Lease* dated December 14, 2016 under which it leased the premises located at 77 Metro Way, Secaucus, New Jersey, that BICOM and ISCOM used as a vehicle storage facility. In the same order, the Court authorized BICOM and ISCOM pursuant to § 363(b)(1) of the Bankruptcy Code to enter into a *Transportation and Storage Agreement* with MSN Services, LLC, which provided for the storage of vehicles at a facility located at 267 Red Schoolhouse Rd, Chestnut Ridge, New York and for certain transportation and other services to be provided to BICOM and ISCOM.

3. The ISCOM Showroom

Prior to the Commencement Date, the lease under which ISCOM leased the ISCOM Showroom from One York Property, LLC ("One York") terminated and/or expired. On August 16, 2017, the Court entered a consent order that allowed ISCOM to continue to occupy the ISCOM Showroom through October 2017 as long as ISCOM timely remitted use and occupancy payments and provided for the modification of the automatic stay if ISCOM defaulted under the order.

On May 2, 2018, the Bankruptcy Court entered a stipulation [ECF No. 503] between ISCOM and One York permitting One York to setoff the security deposit held under the lease ($60,036.90) against One York's Claim for unpaid rent and other charges that arose prior to the Commencement Date.

4. 55th Street Premises

On August 22, 2017, the Court entered an order [ECF No. 161] authorizing BICOM to, *inter alia*, reject: (1) *nunc pro tunc* to August 15, 2017 the lease dated January 20, 2015 under which BICOM leased from 625 W 55, LLC the premises located at 625-35 W. 55th Street, New York, NY (the "55th Street Premises"); and (2) a sublease dated December 30, 2015, under which BICOM subleased the 55th Street Premises to ACIM NY, LLC d/b/a/ Nissan of Manhattan ("ACIM") and ALIM NY, LLC d/b/a Infiniti of Manhattan ("ALIM"), non-debtor affiliates of the Debtors. Neither BICOM nor ALIM occupied or otherwise utilized the 55th Street Premises.

i. Rejection of Executory Contracts

On October 20, 2017, the Court entered an *Order Granting First Omnibus Motion of ISCOM NY, LLC Pursuant to 11 U.S.C. § 365 and Fed. R. Bankr. P. 6006 For Entry of An Order Authorizing Rejection of Certain Executory Contracts and An Unexpired Lease for Non-Real Property* [ECF No. 306]. ISCOM rejected such contracts because the purchaser of substantially all of its assets, MNA, did not purchase the executory contracts.

On June 1, 2018, the Court entered an *Order Granting Motion Of BICOM NY, LLC And Bay Ridge Automotive Company, LLC Pursuant To 11 U.S.C. §§ 365 And 554 And Fed. R.*

Bankr. P. 6006 And 6007 For Entry Of An Order (I) Authorizing Nunc Pro Tunc Rejection Of Executory Contracts And Unexpired Leases For Non-Residential Real Property (II) And Abandonment Of Certain Property In Connection Therewith [ECF No. 525]. BICOM and BRAC rejected substantially all of their executory contracts and unexpired leases because they were not included in the prior sales.

On the Effective Date of the Plan, and unless otherwise specified in the Plan, the Debtors intend to reject all executory contracts and unexpired leases not previously rejected (or assumed and assigned). The Debtors are not aware of any executory contracts that have not been either previously assumed and assigned or rejected.

j. Key Employee Retention Plan and Key Employee Incentive Plan

On September 18, 2017, the Court entered an *Order Granting Motion of the Debtors Pursuant to 11 U.S.C. §§ 363(b)(1) and 503(c) for Entry of an Order Approving Key Employee Retention Plan and Key Employee Incentive Plan* [ECF No. 218]. This order approves the Debtors' Key Employee Incentive Plan ("KEIP") and Key Employee Retention Plan ("KERP"). Under the KEIP, three employees of the Debtors were entitled to payments of between $0.00 and $30,000 upon the closing of the sale of substantially all of the Debtors' assets and the payments were determined based on the purchase price for the assets. Under the KERP, two employees were entitled to a $5,000 payment each upon the closing of sale. The full $100,000 of the available payments under KERP and KEIP were earned and paid. Additional details on the KEIP and KERP are found in the *Supplement to Motion of Debtors Pursuant to 11 U.S.C. §§ 363(b)(1) and 503(c) for Entry of an Order Approving Key Employee Retention Plan and Key Employee Incentive Plan* [ECF No. 207].

k. Claims Against BNF Realty Brooklyn, LLC

A *Commercial Lease with Personal Guarantees* dated March 15, 2017 (the "Riverside Lease") lists BRAC as lessee of property located at 132 54th Street/5412 2nd Avenue Brooklyn, NY, 11232 (the "Riverside Property") from Riverside Machinery Co., Inc. ("Riverside"). In an Option Agreement dated May 13, 2015, Riverside granted BRAC the option to purchase the Riverside Property for $12 million on or after April 1, 2023, subject to certain terms and conditions. On or about April 15, 2015, BRAC executed an irrevocable standby letter of credit in the amount of $430,000 in favor of Riverside, issued by Chase (the "Riverside L/C"). In a subsequent *Commercial Lease with Personal Guarantees* dated May 13, 2015, BNF Realty Brooklyn, LLC ("BNF Brooklyn") purports to have entered into a lease with Riverside for the Riverside Property. BNF Brooklyn is owned by the Debtors' Principals. On or about June 18, 2017, the applicant on the Riverside L/C was changed to BNF Brooklyn; however, the amendment, according to Chase, did not relieve BRAC of its reimbursement obligation under the Riverside L/C. The Riverside Lease is guaranteed by the Debtors' Principals and BRAC. As a result of Riverside drawing down the full $430,000 available under, Chase has asserted claims against BRAC and the other Debtors with respect to the Riverside L/C.

On July 19, 2017, BNF Brooklyn filed a voluntary petition under Chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the Eastern District of New York which is pending under Case No. 17-43689-ess. The Creditors' Committee, pursuant to a

Stipulation entered by the Bankruptcy Court [ECF No. 308] pursued the Estates' rights in the BNF Brooklyn case and filed proofs of claim in the BNF Brooklyn case arising from, *inter alia*, the Riverside Lease, the Option Agreement, the Riverside L/C (including BRAC's guarantee obligations), and the purported transfer of the Debtors' property to BNF Brooklyn prior to the Commencement Date.

BNF Brooklyn unsuccessfully attempted to sell and assign its rights under the Riverside Lease and Option Agreement. On May 22, 2018, BNF Brooklyn filed a notice with the Bankruptcy Court that the Riverside Lease will be rejected and that Riverside will retain the Riverside Property.

l. The Various Sales of Substantially All of the Debtors' Assets

1. The Bidding Procedures

On July 27, 2017, the Debtors filed their *Motion for, Inter Alia: (I) An Order (A) Scheduling a Sale and Auction of Certain Assets of the Debtor; (B) Approving Bidding Procedures; and (C) Approving Form and Manner of Notice; and (II) A Second Order Approving (A) the Sale of Said Assets Pursuant to Section 363 of the Bankruptcy Code and (B) the Assumption of Assumed Contracts Pursuant to Section 365 of the Bankruptcy Code* [ECF No. 78] (the "Bidding Procedures and Sale Motion"). On August 10, 2017, the Court entered an *Order Approving Sales Procedure Notice and Bidding Procedures* [ECF No. 142] (the "Bidding Procedures Order"). The Bidding Procedures Order established procedures for the marketing and sale, in separate or combined lots, of substantially all of the Debtors' assets, excluding the Avoidance Actions.

The Bidding Procedures Order included a process, the product of active negotiations between various parties, under which the car manufacturer for each of the Debtors (a "Manufacturer") would evaluate the bids to acquire the franchises and provided a framework to resolve a Manufacturer's objection to the assumption and assignment to a buyer of a franchise agreement in the event the Manufacturer did not consent to assumption and assignment of the agreement to the proposed assignee. In addition, the Bidding Procedures Order limited the grounds on which a Manufacturer could object to the assumption and assignment of its franchise agreement. The Bidding Procedures Order provided that all bids for Assets were "unconditional and not contingent upon any event other than (i) approval by this Bankruptcy Court and (ii) approval by the applicable Manufacturer with respect to the Assets to be acquired."

2. The First Auction

On September 26, 2017, multiple Qualified Bidders[7] participated in an auction for the Assets (the "First Auction"). In accordance with the Bidding Procedures Order, the Bids were valued by the CRO, on behalf of the Debtors, and after consultation with Chase and the Committee. The following were the results of the auction for the Assets of BICOM and ISCOM:

[7] Unless otherwise stated, all capitalized terms in this subsection shall have the meaning ascribed to them in the Bidding Procedures Order.

DEBTOR	SUCCESSFUL BIDDER	AMOUNT OF SUCCESSFUL BID	BACK-UP BIDDER	AMOUNT OF BACK-UP BID
BICOM	At the Beach, LLC ("ATB")	$39,315,000	Manhattan Motorcars	$42,254,000
ISCOM	MNA	$5,900,000	Plante Consulting, LLC	$5,800,000

At the outset of the First Auction, the CRO ascribed an additional approximately $3.2 million of credit to ATB's Qualified Bid because it included the acceptance of the Georgetown Lease Modification Offer and would have thus obviated BICOM's obligation pay deferred rent and other amounts to Georgetown. Manhattan Motorcars' Qualified Bid did not include acceptance of the Georgetown Lease Modification Offer and if selected as the Successful Bidder, would have required the BICOM Estate to immediately satisfy at least $3.2 million in deferred administrative expenses owed to Georgetown.

During the First Auction, the BRAC Assets were offered in three separate lots as follows: (1) BRAC's operating assets and excluding the BAT Lease, but including a two year "pass through" sublease under the BAT Lease; (2) the BAT Lease subject to the two year "pass through" sublease in favor of the purchaser of the operating assets; and (3) the "combined lot" that included BRAC's operating assets and the BAT Lease. The CRO selected a Successful Bidder and Back-Up Bidder for the second aforementioned lot (*i.e.*, the operating lease plus the sublease under the BAT Lease). BRAC withdrew the other two lots from the auction; one which only included assignment of the BAT Lease (subject to the sublease with the purchaser of BRAC's operating assets) and the other that included all of the BRAC Assets including the BAT Lease. These lots were withdrawn because they did not meet the $5 million minimum bid requirement for the BAT Lease announced prior to the auction. The CRO selected SMG Consultants, LLC ("SMG") as the Successful Bidder with a Bid of $7,200,000 and Plante Consulting, LLC ("Plante") as the Back-Up Bidder with a Bid of $7,300,000. At the time, the principals of Plante were Flom, Nilva, Isaac Ashwal (all insiders of one or more of the Debtors) and JGB Management. The CRO selected SMG as the Successful Bidder despite Plante's minimally higher Bid, because, *inter alia*, there was a strong basis to believe that Ford would not approve Plante as the successor dealer and consequently would not consent to the assignment of the Ford Franchise Agreement to Plante.

On September 27, 2017, Plante filed an objection to the CRO's selection of SMG as the Successful Bidder and Plante as the Back-Up Bidder [ECF No. 238]. Two days later, Plante filed a *Notice of Reconstitution of Equity of Plante Consulting, LLC* [ECF No. 252] stating that the equity interests of Plante "have been reconstituted as follows: twenty-five (25%) percent owned by Yuri Frid; and seventy-five (75%) percent owned by Veniamin Nilva" (the "First Reconstitution"). The First Reconstitution removed Gary Flom as a member of Plante and was ostensibly undertaken in an effort to alleviate concerns that Ford would not approve Plante if Flom continued his role with the dealership.

On September 27, 2017, T.D. Bank, which held a mortgage in the BAT lease, filed a limited objection to the sale to SMG to the extent the sale to SMG would require BRAC to assume and perform under BAT Lease while subleasing the premises to SMG for a 30 month period [ECF No. 237]. TD Bank's principal objection was that the proposed sublease with SMG

substantially impaired the value of the BAT Lease and could render its leasehold mortgage undersecured.

3. The Sale of the Assets of BICOM and ISCOM and Their Cessation of Operations

On October 6, 2017, the Court entered an order which, *inter alia*, authorized the sale of BICOM's Assets to ATB [ECF No. 271]. The sale to ATB closed on or about November 14, 2017. On October 11, 2017, the Court entered an order which, *inter alia*, authorized the sale of ISCOM's Assets to MNA [ECF No. 284]. The sale to MNA closed on or about October 12, 2017. As a result of the sale of their Assets, including their franchise/dealerships rights under the Franchise Agreements, BICOM and ISCOM ceased operating as going concerns as of the closings of their respective sales.

4. The Second Auction for the BRAC Assets

In mid-October the CRO, with the support of the Committee and Chase, determined that the potential benefit to the estate of holding a renewed auction for BRAC's Assets outweighed the expenses and uncertainty in pursing the sale to SMG in light of the various obstacles to completing the sale. Specifically, the CRO's decision was based on: (1) the objections to the sale interposed by Plante and TD Bank and impending litigation to resolve Plante's objection; (2) the inability to reach agreement on the terms of the Asset Sale Agreement with SMG; (3) additional due diligence conducted regarding the value of the BAT Lease; and (4) the First Reconstitution which improved that likelihood Ford would approve of Plante as a dealer.

On October, 31, 2017, BRAC held a renewed auction (the "Second Auction") for the BRAC Assets. At the Second Auction, the CRO, on behalf of the Debtors and after consultation with Chase and the Committee, selected Plante as the Successful Bidder and SMG as the Back-Up Bidder. Plante and SMG were the only two Qualified Bidders who participated at the Second Auction. The CRO ascribed a value of $10,883,000 to Plant's Successful Bid and a value of $9,560,000 to SMG's Back-Up Bid. During the Second Auction the CRO increased the value of Plante's Bid as a result of Plante's agreement to render $250,000 of its total $500,000 deposit under its Asset Sale Agreement non-refundable if Ford did not decide whether to approve Plante as a dealer on before November 15, 2017.

On November 21, 2017, the Court entered an order (the "BRAC Sale Order") which, *inter alia*, authorized the sale of the BRAC Assets (the "BRAC Sale") to Plante and, upon closing, BRAC's assumption of the BAT Lease and the lease for the BRAC Showroom (the "BRAC Showroom Lease", with the BAT Lease, collectively as the "BRAC Leases") and assignment of the BRAC Leases to Plante. The BRAC Sale Order incorporated the Manufacturer Procedures as applied to BRAC and Ford and provided that "Ford has the right to review, and continue its review, of the dealer application submitted by Buyer in accordance with Ford's review rights under the Ford Agreement and applicable state law." (BRAC Sale Or. ¶ 19(a)).

5. The Second Reconstitution and Modifications to the BRAC Sale

On December 1, 2017, Plante filed a second *Notice of Intended Reconstitution of Equity of Plante Consulting, LLC* [ECF No. 365] (the "Second Reconstitution") stating that upon the closing of the BRAC Assets to Plante, one-hundred percent (100%) of the equity interests in

Plante would be assigned to Charles Chalom. Mr. Chalom is a principal of Premier Ford, the only other Ford dealership located within Brooklyn. The notice further disclosed that the BAT Lease "shall be owned by an entity owned in whole or in part by Gary Flom and Veniamin Nilva." On December 13, 2017, SMG filed an objection [ECF No. 383] to the Second Reconstitution. After a hearing to consider the objection, the Court entered an order [ECF No. 389] on December 15, 2017, overruling the objection.

On January 30, 2018, BRAC filed a motion (the "Modification Motion") [ECF No. 428] to modify the BRAC Sale Order to explicitly authorize BRAC to assume the BRAC Leases prior to the closing and to thereafter assign the BRAC Leases to Plante (or to SMG if Plante failed to close) upon or after the BRAC Closing. As set forth in the Modification Motion, as a result of the delays arising from holding two auctions for BRAC's Assets, SMG's objection to the Second Reconstitution, and Ford's consideration of Plante's franchise application, contrary to their original expectations, the parties were unable to close prior to February 5, the deadline under the Bankruptcy Code to assume the BRAC Leases. On February 2, 2018, the Court entered an order granting the relief requested in the Modification Motion [ECF No. 440]. That same day, BRAC filed a *Notice of Assumption of Unexpired Leases for Nonresidential Real Property* stating that the BRAC Leases were assumed effective that date.

In a letter dated February 1, 2018, counsel for BRAC informed the Court that Ford had approved Plante (as reconstituted) as the purchaser of the BRAC Ford dealership subject to the satisfaction of certain formalities that were soon after completed [ECF No. 489]. In the same letter, BRAC's counsel advised that he was informed that Plante and Mr. Chalom were prepared to close on the BRAC Sale on or before February 16, 2018. At a status conference held on February 27, 2018, the Court was informed that Ford Motor Credit Corporation's ("FMCC") financing commitment, (FMCC was providing "floorplan" financing to Mr. Chalom for the purchase of vehicles and parts), fell short of the full value of BRAC's vehicle inventory and as a result, there was a $1.25 million shortfall in the amount purportedly available to Mr. Chalom to purchase the inventory. BRAC, Mr. Chalom, Plante, the Committee and Chase negotiated a resolution that addressed the funding shortfall and which was memorialized in the *Order Regarding Funding of Purchase of Assets of Bay Ridge Automotive Company, LLC by Plante Consulting, LLC* entered by the Court on March 2, 2018 [ECF No. 462] (the "Funding Order"). The Funding Order reflects that BRAC, Mr. Chalom and Chase made concessions in order to fill the shortfall.

On April 11, 2018, counsel for BRAC was informed by counsel for Plante that Messrs. Flom and Nilva failed to secure financing to purchase the BAT Lease [ECF No. 482]. In an *Order Further Modifying Order Approving, Inter Alia, Sale of Substantially All of BRAC's Assets and Assumption and Assignment of Unexpired Leases for Non-Residential Property* [ECF No. 486] the parties agreed, among other things, that Mr. Chalom would purchase the BAT Lease for a reduced price of $2 million and that TD Bank would accept a reduced satisfaction of its secured claim (the "Last Sale Modification Order"). As required by the Last Sale Modification Order, on April 20, 2018, Plante and Mr. Chalom closed on the BRAC Sale.

m. Global Settlement Between Chase and the Plan Proponents

Pursuant to section 1127 as it incorporates section 1123(b)(3) of the Bankruptcy Code, and Bankruptcy Rule 9019, the Plan constitutes the Plan Proponents' request to authorize and approve the Chase Settlement Agreement, dated as of May 16, 2018, between the Plan Proponents and Chase, a copy of which is attached to the Plan as Exhibit A (the "Chase Settlement Agreement"). The Plan is predicated upon the Chase Settlement Agreement, therefore, the Confirmation Order will constitute an order pursuant to Bankruptcy Rule 9019 approving the Chase Settlement Agreement. The Chase Settlement Agreement will thereafter be binding on the Debtors, the Committee, Chase, and the Liquidation Trust and any successors to any of them. If the Plan conflicts with any aspect of the Chase Settlement Agreement, then the Chase Settlement Agreement controls to the extent of the conflict.

In exchange for broad releases and exculpations by the Estates, Chase agreed to (a) extend funding under the DIP Facility beyond the maturity date of March 9, 2018, to April 22, 2018 (which was further extended to May 6, 2018); (b) contribute $100,000 to the Estates to provide liquidity for formulation of a plan of liquidation and prosecution of confirmation of such a plan, which liquidity Chase has provided; (c) contribute $200,000 (subject to potential adjustments) to provide liquidity to the Liquidation Trust; (d) agree to accept deferred, contingent, and ultimately speculative payment of its administrative priority claims, (e) share the BNF Recoveries with the Estates;[8] (f) partially subordinate its administrative priority claims and to forgo interest that would continue to accrue after the Effective Date; and (g) support confirmation of a plan that conforms to the terms of the Chase Settlement Agreement. Neither the Chase Settlement Agreement nor the Plan provides third-party releases to Chase.

The key provisions of the Chase Settlement Agreement are as follows:

- Conforming Plan. The Plan Proponents are to propose and pursue a Chapter 11 plan of liquidation for each of the Debtors' Estates, which shall conform to the terms of the Chase Settlement Agreement (a "Conforming Plan"). Chase is required to support and vote to accept a Conforming Plan when solicited to do so. The Plan Proponents and Chase agree that the Plan is a Conforming Plan that Chase is required to support and vote to accept.

- Funding by Chase. Chase shall contribute the Plan Funding ($100,000) and the Trust Funding ($200,000). Upon the execution of the Chase Settlement Agreement, Chase funded the Debtors' Professional Fees and other Administrative Claims that arose for the period of March 12, 2018 through May 6, 2018 (the "Final Approved Budget"), pursuant to a Fifth Modification and Waiver Agreement made in connection with the Final DIP Financing Order and the DIP Loan Documents, and provided the Plan Funding. Prior to the execution of the Chase Settlement Agreement, the Debtors were operating without an Approved Budget as a result of the Maturity Date under the Final DIP Financing Order and DIP Loan Documents occurring on March 9, 2018. The funding of the

[8] This agreement was reached when there was an material possibility of a transaction netting approximately $1.1 million for the BNF Brooklyn estate, of which Chase and, collectively, the Debtors' Estates were the largest creditors

Final Approved Budget is in satisfaction of all remaining obligations of Chase under the Final DIP Financing Order and DIP Loan Documents.

- Surcharge. The Committee has agreed not to seek or otherwise support a surcharge under Section 506(c) of the Bankruptcy Code of the Chase Collateral, on the basis that the cumulative budget approved pursuant to the DIP Loan Documents does not provide funding for all of the professional fees incurred by counsel for the Committee or any of its other professionals or advisors.

- Chase Release. The Plan Proponents shall grant Chase a broad Release as specified in the Chase Settlement Agreement.

- Sharing of BNF Recoveries. The BNF Recoveries are to be shared and allocated between the Debtors' Estates and Chase in accordance with a recovery formula specified in the Chase Settlement Agreement. However, given recent developments, likelihood of a recovery in the BNF Brooklyn case is low.

- Chase's Claims Against the Debtors. Upon the Effective Date, Chase's Claims against the Debtors' Estates will Equal the (1) DIP Superpriority Claim; and (2) the Chase Residual Claim, which consists of the Adequate Protection Superpriority Claims and Prepetition Obligations plus the Trust Funding.

- Waterfall. The Chase Settlement Agreement creates a waterfall structure under which Chase on account of its Allowed Claims (*i.e.*, the DIP Superpriority Claim and the Chase Residual Claim), on the one hand, and the Holders of all other Allowed Claims for which Chase is not a Holder (collectively, the "Other Trust Beneficiaries"), on the other hand, will share in the Net Recoveries (as that term is defined in the Chase Settlement Agreement) obtained by the Liquidation Trust. Specifically, all proceeds from the Net Recoveries shall be used as follows:

  - First, for the payment of Liquidation Trust Expenses;

  - Second, 65% of the remainder shall be paid to Chase until the DIP Superpriority Claims are paid in full and 35% of the remainder may be paid to Other Trust Beneficiaries or reserved, in the discretion of the Liquidation Trustee (with the consent of the Liquidation Trust Advisory Board), to fund the pursuit of additional Assets;

  - Third, after the DIP Superpriority Claims have been paid in full, then the next $1,100,000 of the remainder shall be paid to Other Trust Beneficiaries or reserved, in the discretion of the Liquidation Trustee (with the consent of the Liquidation Trust Advisory Board), to fund the pursuit of additional Assets

(the "Benchmark") prior to any distribution being made on account of the Chase Residual Claim;[9]

- Fourth, after the Benchmark has been reached, then 50% of the remainder shall be paid to Chase until the Chase Residual Claim is paid in full and 50% of the remainder may be paid to the Other Trust Beneficiaries or reserved, in the discretion of the Liquidation Trustee (with the consent of the Liquidation Trust Advisory Board), to fund the pursuit of additional Assets;

- Fifth, after the Chase Residual Claim has been paid in full, then 100% of the remainder may be paid to Other Trust Beneficiaries or reserved, in the discretion of the Liquidation Trustee (with the consent of the Liquidation Trust Advisory Board), to fund the pursuit of additional Assets (collectively, the "Trust Waterfall").

Any funds available to Chase under the Trust Waterfall shall be distributed as soon as practicable following receipt and may not be reserved by the Liquidation Trust absent Chase's consent. The distribution of Net Recoveries to the Other Trust Beneficiaries shall be consistent with the priority scheme set forth in the Plan, which is consistent with the priority scheme set forth in the Bankruptcy Code. Chase agrees that the DIP Superpriority Claims and the Chase Residual Claim will not be required to be funded in full in cash on the Effective Date and will accept treatment of such claims pursuant to the Trust Waterfall. Chase also agrees that the DIP Superpriority Claim and the Chase Residual Claim shall not accrue interest after the Effective Date. Chase asserts that the DIP Superpriority Claim and the Chase Residual Claim equaled approximately $1,425,186.93 and $5,328,000, respectively, as of July 31, 2018, subject to the accrual of interest until the Effective Date of the Plan.

- Trust Governance. Until the DIP Superpriority Claim and the Chase Residual Claim are paid in full, Chase shall have (1) the right to appoint one of the three members of the Board and (ii) shall have consent rights over the selection of any replacement trustee. Craig Jalbert, a trustee identified by the Committee, shall be the initial trustee of the Liquidating Trust.

Summarized above are only the most notable terms of the Chase Settlement Agreement; the agreement contains other important provisions which should be reviewed.

The Chase Settlement Agreement is the cornerstone of the Plan. It represents a global and comprehensive resolution of the various claims of the parties against each other and provides a mechanism for funding the pursuit of various causes of action which have been identified by the Committee. Absent such funding, it is unclear whether it would be possible to pursue the identified causes of action. Also, absent Chase's agreement to forego the payment of its

[9] Whether the Benchmark has been met will be determined as provided for in the Chase Settlement Agreement and in Section 6.4(e) of the Plan.

administrative claims on the Effective Date of a Plan, it is likely no alternative Plan could be confirmed.

V. SUMMARY OF MAJOR TERMS OF PLAN

a. Introduction

While chapter 11 is principally recognized as the "business reorganization" chapter of the Bankruptcy Code, it has long been recognized that a debtor may liquidate under chapter 11 as well. The purpose of the Plan is to provide for the orderly wind-down of the Debtors' affairs, the liquidation of the Debtors' remaining assets, and the orderly distribution of the Debtors' remaining assets to creditors.

THE FOLLOWING SUMMARY IS INTENDED TO PROVIDE AN OVERVIEW OF THE PROPOSED PLAN. ANY PARTY IN INTEREST CONSIDERING WHETHER TO VOTE ON THE PLAN SHOULD CAREFULLY READ THE PLAN IN ITS ENTIRETY BEFORE MAKING SUCH DETERMINATION. IF THERE IS ANY DISPUTE BETWEEN THIS SUMMARY AND THE PLAN, THE PLAN CONTROLS.

b. Overview of the Plan

1. Compromise of Controversies

Pursuant to Bankruptcy Rule 9019, and in consideration for the classification, distribution and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims or controversies resolved pursuant to the Plan. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of any such compromise or settlement, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtors and the Estates.

2. Creation of the Liquidation Trust

The Plan provides that a Liquidation Trust is to be created as of the Effective Date, or as soon as reasonably practical thereafter. All property of the Estates constituting the Liquidation Trust Assets are to be conveyed and transferred by the Debtors to the Liquidation Trust on the Effective Date, free and clear of all interests, Claims, Liens and encumbrances. The proceeds of the Liquidation Trust Assets will then be shared with holders of Allowed Claims as set forth in the Plan, the Liquidation Trust Agreement, and the Trust Waterfall.

3. Wind-Down and Dissolution of the Debtors

On or soon after the Effective Date, the Liquidation Trustee shall be appointed to act to, among other things, wind-down the Debtors affairs and perform the obligations and duties specified in the agreement establishing the Liquidation Trust.

4. Dissolution of the Creditors' Committee

Upon the Effective Date, the Creditors' Committee will dissolve, and its members will be released and discharged from all further authority, duties, responsibilities and obligations relating to and arising from the Chapter 11 Cases. The retention and employment of the Professionals retained by the Creditors' Committee shall terminate as of the Effective Date provided, however, they may retain such rights as specified in Article VI(f) of the Disclosure Statement. The Professionals of the Creditors' Committee, however, may be retained by the Liquidation Trust.

c. Grouping of Debtors for Convenience

The Plan may group the Debtors together for the purposes of, *inter alia*, describing treatment under the Plan, confirmation of the Plan, and making Distributions. Unless set forth in the Plan, this grouping shall not affect any Debtor's status as a separate legal entity, change the organizational structure of the Debtors' business enterprise, constitute a change of control of any Debtor for any purpose, cause a merger or consolidation of any legal entities, or cause the transfer of any assets. The Plan is not premised upon and shall not cause the substantive consolidation of the Debtors or any non-Debtor affiliate, and, except as otherwise provided by or permitted under the Plan, all Debtors shall continue to exist as separate legal entities.

d. Unclassified Allowed Administrative Expense Claims and Priority Tax Claims

1. Professional Fees

Each Professional who holds or asserts a Professional Fee Claim shall be required to file with the Bankruptcy Court, and to serve on all parties required to receive notice, a final fee application on or before the Professional Fee Bar Date. The failure to timely File the fee application shall result in the Professional Fee Claim being forever barred and discharged.

To the extent a Professional Fee Claim is not paid in full upon the Effective Date, such Professional agrees to payment on account of such claim after the Effective Date from the Liquidation Trustee pursuant to the Trust Waterfall and in accordance with the priority of payments required by the Bankruptcy Code.

2. U.S. Trustee Fees

All fees payable on or before the Effective Date (i) pursuant to 28 U.S.C. § 1930, together with interest, if any, pursuant to 31 U.S.C. § 3717, and (ii) to the United States Trustee, shall be paid by the Debtors on or before the Effective Date. All such fees payable after the Effective Date shall be paid by the Liquidation Trust until the Chapter 11 Cases are closed, converted, or dismissed.

3. Other Administrative Expense Claims

Each Holder of an Allowed Administrative Expense Claim other than Professional Fee Claims and United States Trustee Fees will be paid the full unpaid amount of such Allowed Administrative Expense Claim in Cash: (i) on the Effective Date or as soon as practicable thereafter (or, if not then due, when such Allowed Administrative Expense Claim is due or as soon as practicable thereafter); (ii) if such Claim is Allowed after the Effective Date, on the date

such Claim is Allowed or as soon as practicable thereafter; (iii) at such time and upon such terms as may be agreed upon by such Holder and the Debtor; or (iv) at such time and upon such terms as set forth in an order of the Bankruptcy Court. The Debtors believe that Allowed Administrative Expense Claims will not exceed $10,000.

Approximately $18.3 million of Administrative Expense Claims have been filed and the Debtors do not have the funds to pay any amount of such Claims upon the Effective Date if they are Allowed Claims. Nonetheless, the Debtors' inability to pay such Claims will not bar the confirmation of the Plan. The New York State Department of Taxation and Finance (the "DTF") has filed proofs of claim asserting Administrative Expense Claims against all three Debtors in the total amount of $6,189,998 for unpaid post-petition sales tax. However, the Debtors' books and records establish that all sales taxes were paid that became due after the Commencement Date. Unless the DTF withdraws these Administrative Expense Claims, the Debtors will object to these Claims prior to confirmation and seek to disallow them in their entirety. In addition, Nissan North America, Inc. ("NNA") has filed an Administrative Expense Claim against BICOM in the amount $12,124,399.28 for their posting of a bond to secure the BICOM Mechanics' Lien. The Debtors believe that NNA's Administrative Expense Claim, and particularly its classification, lack merit. To avoid the expense and delay of a claim objection prior to confirmation, counsel for BICOM has requested that NNA agree not to receive any payment on its Administrative Expense Claim upon the Effective Date as would otherwise be required by section 1129(a)(9)(A) of the Bankruptcy Code. Thus, even if NNA and DTF do not withdraw their Administrative Expense Claims or otherwise do not agree to receive payment upon the Effective Date, the Debtors will object to their Claims so that they are not "Allowed" Claims on the Effective Date that are entitled to receive payment at such time.

Except for Professional Fee Claims and U.S. Trustee Fees, requests for payment of Administrative Expenses must be filed by the Administrative Claims Bar Date. Holders of Administrative Expense Claims that do not file such requests by the Administrative Expense Bar Date shall be forever barred from asserting such Administrative Expenses against the Debtors and the Liquidation Trust.

4. Priority Tax Claims

On the later of the Effective Date or the date on which a Priority Tax Claim becomes an Allowed Priority Tax Claim, or, in each such case, as soon as practicable thereafter, each Holder of an Allowed Priority Tax Claim shall be entitled to receive its *Pro Rata* share in Cash from the Liquidation Trust, subject to the Trust Waterfall.

5. Allowed DIP Claims

The DIP Claims are Allowed in full upon the Effective Date. Upon the Effective Date, on account of the Allowed DIP Claims, Chase shall be entitled to its share of the Net Recoveries pursuant to the Trust Waterfall.

e. Classification and Treatment of Claims and Interests

While the amount of distributions to certain classes of Claims is currently unknown, the Plan Proponents believe that the Plan provides the best and most prompt possible recovery for holders of Claims. Under the Plan, Claims against and Equity Interests in the Debtor are divided into different classes as described below. If the Plan is confirmed by the Court, on the Effective Date and on certain times thereafter as Claims are resolved, liquidated or otherwise allowed (or funds become available to the Liquidating Trustee based on the pursuit of various causes of action), the Liquidation Trustee will make distributions in respect of the classes of Claims as provided for in the Plan and as set forth below. The Plan provides for the Allowance in full, upon the Effective Date, of the Chase Residual Claim.

The following table designates the Classes of Claims against and Interests in the Debtors and specifies which Classes are: (i) Impaired and Unimpaired under the Plan; (ii) entitled to vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code, or (iii) deemed to accept or reject the Plan.

Class	Debtor	Claims/Interests	Status	Entitled to Vote
1A	BICOM	Priority Non-Tax Claims	Impaired	Yes
2A	BICOM	Chase Residual Claim	Impaired	Yes
3A	BICOM	General Unsecured Claims	Impaired	Yes
4A	BICOM	Equity Interest	Impaired	No (Deemed to reject)
1B	ISCOM	Priority Non-Tax Claims	Impaired	Yes
2B	ISCOM	Chase Residual Claim	Impaired	Yes
3B	ISCOM	General Unsecured Claims	Impaired	Yes
4B	ISCOM	Equity Interest	Impaired	No (Deemed to reject)
1C	BRAC	Priority Non-Tax Claims	Impaired	Yes
2C	BRAC	Chase Residual Claim	Impaired	Yes
3C	BRAC	General Unsecured Claims	Impaired	Yes
4C	BRAC	Equity Interest	Impaired	No (Deemed to reject)

1. Class 1A: Priority Non-Tax Claims (BICOM)

A. Classification: Class 1A consists of Allowed Priority Non-Tax Claims held against BICOM.

B. Treatment: On the Effective Date, unless otherwise agreed by a Holder of a Priority Non-Tax Claim, each Holder of a Priority Non-Tax Claim shall be entitled to receive its

Pro Rata share in Cash from the Liquidation Trust Assets, subject to the Trust Waterfall, as provided by the Plan and the Liquidation Trust Agreement, provided that the face amount of all Administrative Expense Claims and Priority Tax Claims entitled to greater priority than an Allowed Priority Claim have been paid in full or either (i) to the extent not paid in full, funds sufficient to satisfy the face amount have been placed in a segregated reserve, or (ii) the Holder of each Administrative Expense Claim and Priority Tax Claim have agreed to waive their right to a Distribution on or as soon as reasonably practicable after the Effective Date, each holder of a Class 1A Claim shall be entitled to receive its *Pro Rata* share in Cash from the Liquidation Trust Assets, subject to the Trust Waterfall, until all such claims are paid in full.

C. Voting*:* Class 1A Claims are Impaired and thus will be entitled to vote to accept or reject the Plan.

2. Class 1B: Priority Non-Tax Claims (ISCOM)

A. Classification: Class 1B consists of Allowed Priority Non-Tax Claims held against ISCOM.

B. Treatment: On the Effective Date, unless otherwise agreed by a Holder of a Priority Non-Tax Claim, each Holder of a Priority Non-Tax Claim shall be entitled to receive its *Pro Rata* share in Cash from the Liquidation Trust Assets, subject to the Trust Waterfall, as provided by the Plan and the Liquidation Trust Agreement, provided that the face amount of all Administrative Expense Claims and Priority Tax Claims entitled to greater priority than an Allowed Priority Claim have been paid in full or either (i) to the extent not paid in full, funds sufficient to satisfy the face amount have been placed in a segregated reserve, or (ii) the Holder of each Administrative Expense Claim and Priority Tax Claim have agreed to waive their right to a Distribution.

C. Voting*:* Class 1B Claims are Impaired and thus will be entitled to vote to accept or reject the Plan.

3. Class 1C: Priority Non-Tax Claims (BRAC)

A. Classification: Class 1C consists of Allowed Priority Non-Tax Claims held against BRAC.

B. Treatment: On the Effective Date, unless otherwise agreed by a Holder of a Priority Non-Tax Claim, each Holder of a Priority Non-Tax Claim shall be entitled to receive its Pro Rata share in Cash from the Liquidation Trust Assets, subject to the Trust Waterfall, as provided by the Plan and the Liquidation Trust Agreement, provided that the face amount of all Administrative Expense Claims and Priority Tax Claims entitled to greater priority than an Allowed Priority Claim have been paid in full or either (i) to the extent not paid in full, funds sufficient to satisfy the face amount have been placed in a segregated reserve, or (ii) the Holder of each Administrative Expense Claim and Priority Tax Claim have agreed to waive their right to a Distribution.

C. Voting. 1C Claims are impaired and thus will be entitled to vote to accept or reject the Plan.

4. Class 2A: Chase Residual Claim (BICOM)

A. Classification: Class 2A consists of the Allowed Chase Residual Claim against BICOM.

B. Treatment: The Chase Residual Claim is Allowed in full upon the Effective Date. Upon the Effective Date, on account of the Allowed Chase Residual Claim, Chase shall be entitled to its share of the Net Recoveries pursuant to the Trust Waterfall.

C. Voting: The Class 2A Claim is Impaired and has agreed to vote to accept the Plan to the extent consistent with the Chase Settlement Agreement.

5. Class 2B: Chase Residual Claim (ISCOM)

A. Classification: Class 2B consists of the Allowed Chase Residual Claim against ISCOM.

B. Treatment: The Chase Residual Claim is Allowed in full upon the Effective Date. Upon the Effective Date, on account of the Allowed Chase Residual Claim, Chase shall be entitled to its share of the Net Recoveries pursuant to the Trust Waterfall.

C. Voting: The Class 2B Claim is Impaired and has agreed to vote to accept the Plan to the extent consistent with the Chase Settlement Agreement.

6. Class 2C: Chase Residual Claim (BRAC)

A. Classification: Class 2C consists of the Allowed Chase Residual Claim against BRAC.

B. Treatment: The Chase Residual Claim is Allowed in full upon the Effective Date. Upon the Effective Date, on account of the Allowed Chase Residual Claim, Chase shall be entitled to its share of the Net Recoveries pursuant to the Trust Waterfall.

C. Voting: The Class 2C Claim is Impaired and has agreed to vote to accept the Plan to the extent consistent with the Chase Settlement Agreement.

7. Class 3A: General Unsecured Claims (BICOM)

A. Classification: Class 3A consists of Allowed General Unsecured Claims against BICOM.

B. Treatment: On the Effective Date, unless otherwise agreed by a Holder of an Allowed General Unsecured Claim, each holder of an Allowed General Unsecured Claim shall be entitled to receive its *Pro Rata* share in Cash from the Liquidation Trust Assets, subject to the Trust Waterfall, as provided by the Plan and the Liquidation Trust Agreement, provided that the face amount of all Administrative Expense Claims, Priority Tax Claims, and Priority Non-Tax Claims entitled to greater priority than an Allowed General Unsecured Claim have been paid in full or either (i) to the extent not paid in full, funds sufficient to satisfy the face amount have

been placed in a segregated reserve, or (ii) the Holder of each Administrative Expense Claim, Priority Tax Claim, and Priority Non-Tax Claim have agreed to waive their right to a Distribution.

C. Voting: The Class 3A General Unsecured Claims are Impaired, and thus the holders of such Allowed General Unsecured Claims in Class 3A will be entitled to vote to accept or reject the Plan.

8. Class 3B: General Unsecured Claims (ISCOM)

A. Classification: Class 3B consists of Allowed General Unsecured Claims against ISCOM.

B. Treatment: On the Effective Date, unless otherwise agreed by a Holder of an Allowed General Unsecured Claim, each holder of an Allowed General Unsecured Claim shall be entitled to receive its *Pro Rata* share in Cash from the Liquidation Trust Assets, subject to the Trust Waterfall, as provided by the Plan and the Liquidation Trust Agreement, provided that the face amount of all Administrative Expense Claims, Priority Tax Claims, and Priority Non-Tax Claims entitled to greater priority than an Allowed General Unsecured Claim have been paid in full or either (i) to the extent not paid in full, funds sufficient to satisfy the face amount have been placed in a segregated reserve, or (ii) the Holder of each Administrative Expense Claim, Priority Tax Claim, and Priority Non-Tax Claim have agreed to waive their right to a Distribution.

C. Voting: The Class 3B General Unsecured Claims are Impaired, and thus the holders of such Allowed General Unsecured Claims in Class 3B will be entitled to vote to accept or reject the Plan.

9. Class 3C: General Unsecured Claims (BRAC)

A. Classification: Class 3C consists of Allowed General Unsecured Claims against BRAC.

B. Treatment: On the Effective Date, unless otherwise agreed by a Holder of an Allowed General Unsecured Claim, each holder of an Allowed General Unsecured Claim shall be entitled to receive its *Pro Rata* share in Cash from the Liquidation Trust Assets, subject to the Trust Waterfall, as provided by the Plan and the Liquidation Trust Agreement, provided that the face amount of all Administrative Expense Claims, Priority Tax Claims, and Priority Non-Tax Claims entitled to greater priority than an Allowed General Unsecured Claim Claim have been paid in full or either (i) to the extent not paid in full, funds sufficient to satisfy the face amount have been placed in a segregated reserve, or (ii) the Holder of each Administrative Expense Claim, Priority Tax Claim, and Priority Non-Tax Claim have agreed to waive their right to a Distribution.

C. Voting: The Class 3C General Unsecured Claims are Impaired, and thus the holders of such Allowed General Unsecured Claims in Class 3C will be entitled to vote to accept or reject the Plan.

10. Class 4A: Equity Interest (BICOM)

A. Classification: Class 4A consists of the Equity Interest in BICOM.

B. Treatment*:* The holder of the Equity Interest in BICOM will not receive any Distribution on account of such interest except to the extent funds remain after payment in full of the Unclassified Claims and Classes 1 through 3 Claims (and in the case of Class 3 the payment of post-petition interest). On the Effective Date, all Class 4A Equity Interests shall be cancelled, extinguished, and of no further force and effect, without the payment of any monies or consideration to the holder of Class 4A Equity Interest except as provided herein.

C. Voting: The holder of the Class 4A Equity Interest is deemed to have rejected the Plan and is, therefore, not entitled to vote.

11. Class 4B: Equity Interest (ISCOM)

A. Classification: Class 4B consists of the Equity Interest in ISCOM.

B. Treatment*:* The holder of the Equity Interest in ISCOM will not receive any Distribution on account of such interest except to the extent funds remain after payment in full of the Unclassified Claims and Classes 1 through 3 Claims (and in the case of Class 3 the payment of post-petition interest). On the Effective Date, all Class 4B Equity Interests shall be cancelled, extinguished, and of no further force and effect, without the payment of any monies or consideration to the holder of Class 4B Equity Interest except as provided herein.

C. Voting: The holder of the Class 4B Equity Interest is deemed to have rejected the Plan and is, therefore, not entitled to vote.

12. Class 4C: Equity Interest (BRAC)

A. Classification: Class 4C consists of the Equity Interests of BRAC.

B. Treatment*:* The holders of the Equity Interests in BRAC will not receive any Distribution on account of such interest except to the extent funds remain after payment in full of the Unclassified Claims and Classes 1 through 3 Claims (and in the case of Class 3 the payment of post-petition interest). On the Effective Date, all Class 4C Equity Interests shall be cancelled, extinguished, and of no further force and effect, without the payment of any monies or consideration to the holder of Class 4C Equity Interest except as provided herein.

C. Voting: The holders of the Class 4C Equity Interests are deemed to have rejected the Plan and is, therefore, not entitled to vote.

VI. DETAILS REGARDING IMPLEMENTATION OF PLAN

a. Conditions Precedent to the Effective Date

The following are conditions precedent to the Effective Date that must be satisfied or waived by the Plan Proponents:

1. Entry of the Confirmation Order and the Confirmation Order having become a Final Order.

2. No request for revocation of the Confirmation Order under section 1144 of the Bankruptcy Court shall be pending.

3. The Liquidation Trust Agreement shall have been executed and the Liquidation Trust shall have been established.

4. The Liquidation Trustee and the Liquidation Trust Advisory Board shall be authorized to assume the rights and responsibilities provided in the Plan and the Liquidation Trust Agreement.

5. Chase shall have provided the Trust Funding to the Liquidating Trust.

b. Vesting of Assets of the Estate

On the Effective Date, subject only to the terms of the Plan, all Assets of the Debtors and their Estates, wherever situated, shall vest in the Liquidation Trust, free and clear of all Liens, Claims, encumbrances, and interests except as otherwise provided in the Plan.

c. Liquidation Trust

1. Execution of the Liquidation Trust Agreement. On or before the Effective Date, the Liquidation Trustee and the Debtors on behalf of themselves and the Estates, will execute the Liquidation Trust Agreement.

2. Appointment of Liquidation Trustee. Craig Jalbert shall be appointed as the Liquidation Trustee. The Liquidation Trustee shall have the powers, duties, and obligations set forth in the Plan and in the Liquidation Trust Agreement. After the Effective Date, all actions required of and/or otherwise specified herein to be performed by the Debtors shall be performed by the Liquidation Trustee, or its designee, in the name of, and on behalf of, the Debtors and the Estates. The Liquidation Trustee shall be authorized to execute documents on behalf of the Debtor and the Estates.

3. Duties and Responsibilities of Liquidation Trustee. The Liquidation Trustee shall owe a fiduciary duty to the Beneficiaries of the Liquidation Trust. The Liquidation Trustee shall stand in the same position as the Debtors with respect to any claim the Debtors may have to an attorney-client privilege, the work product doctrine, or any other privilege and the Liquidation Trustee shall succeed to all of the Debtors' rights to preserve, assert or waive any such privilege. These duties, responsibilities and obligations include, but are not limited to, the following:

a. receive, manage, invest, supervise and protect the Liquidation Trust Assets;

b. pay taxes or other obligations incurred by the Liquidation Trust;

c. prepare and file tax returns on behalf of the Debtors, the Estates, and the Liquidation Trust, including the right to request a determination of tax liability as set forth in section 505 of the Bankruptcy Code;

d. request and require as a condition to receiving a distribution under the Plan a W-9 federal tax forms for any party who is entitled to receive distributions on account of a Claim or Equity Interest;

e. administer final employee benefits, if any, and effect the final administration and termination of all related programs, if any;

f. prosecute and resolve Causes of Action, if any;

g. pay all United States Trustee fees;

h. file status reports with the Court on a quarterly basis including a summary of any disbursements or receipts;

i. adhere to any duty of care, loyalty or other duty imposed or imputed by law;

j. respond to inquiries of creditors; and

k. collect and liquidate the Liquidation Trust Assets.

4. Preservation of Causes of Action. Except as expressly waived, relinquished, exculpated, released, compromised or settled in the Plan, the Confirmation Order, any Final Order, or in any contract, instrument, release or other agreement entered into or delivered in connection with the Plan, the Liquidation Trust shall exclusively retain and may enforce, as the representative of the Estates under section 1123(b)(3)(B), and the Debtors expressly reserve and preserve for these purposes, in accordance with sections 1123(a)(5)(B) and 1123(b)(3) of the Bankruptcy Code, any claims, demands, rights, and Causes of Action that the Debtors or the Estates may hold against any Person, or Entity, including Avoidance Actions, which shall vest in the Liquidation Trust. Accordingly, no preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches shall apply to such claims, demands, rights or Causes of Action by virtue of, or in connection with, the confirmation, consummation of effectiveness of the Plan. The Liquidation Trustee or its successors or assigns exclusively may pursue such retained claims, demands, rights, and Causes of Action.

5. Reservation of Rights. With respect to any Avoidance Action that the Liquidation Trustee abandons, the Liquidation Trustee reserves all rights, including the right under section 502(d) of the Bankruptcy Code to use defensively the abandoned Avoidance Claim as a basis to object to all or any part of a Claim against the Estate asserted by a creditor which remains in possession of, or otherwise obtains the benefit of, the avoidable transfer.

6. The Liquidation Trust Advisory Board.

a. Appointment of the Liquidation Trust Advisory Board. On the Effective

Date, the Liquidation Trust Advisory Board shall be formed pursuant to the Liquidation Trust Agreement. The Liquidation Trust Advisory Board shall be comprised of three (3) members. Chase shall appoint, in its sole discretion, one of the members of the Liquidation Trust Advisory Board. The other two initial members of the Liquidation Trust Advisory Board shall be selected by the Plan Proponents. The initial three members of the Liquidation Trust Advisory Board shall be identified in a Plan Supplement. Until the DIP Superpriority Claims and Chase Residual Claim are paid in full, Chase shall have (i) the right to appoint one of the members of the Board and (ii) shall have consent rights over the selection of the trustee and any replacement trustee.

b. Authority of the Liquidation Trust Advisory Board. The Liquidation Trustee shall report all material matters to and seek approval for all material decisions from the Liquidation Trust Advisory Board. The Liquidation Trust Advisory Board shall act on all matters by majority vote and may authorize the Liquidation Trust to invest its corpus in prudent investments other than those described in Bankruptcy Code Section 345 of the Bankruptcy Code, and may require a fidelity bond from the Liquidation Trustee in a reasonable amount. The Liquidation Trust Advisory Board shall have the right at any time, with cause, to remove the Liquidation Trustee and appoint a successor Liquidation Trustee, as may be determined by the Liquidation Trust Advisory Board; provided, however, that until the DIP Superpriority Claim and Chase Residual Claim are paid in full, Chase's consent will be required to appoint a successor Liquidation Trustee (if the initial Liquidation Trustee resigns or is removed).

7. Retention of Professionals. The Liquidation Trust may, subject to the approval of the Liquidation Trust Advisory Board, retain such attorneys (including special counsel), accountants, advisors, expert witnesses, and other professionals as he shall consider advisable without necessity of approval of the Court including the retention of the initial Liquidating Trustee's firm Verdolino & Lowery to handle administrative needs of the Liquidation Trust. Persons who served as Professionals in the Chapter 11 Cases prior to the Effective Date may act as Liquidation Trustee or serve the Liquidation Trustee and professionals retained by it shall be paid by it in the ordinary course from amounts held in the applicable trust.

8. Exculpation and Indemnification. Neither the Liquidation Trustee, nor the firms or companies representing it, or any of their employees, professionals or agents, shall in any way be liable for any acts of any of their employees, professionals or agents, except for acts undertaken in bad faith, gross negligence or willful misconduct, in the performance of their respective duties. The Liquidation Trustee, and its employees, professionals, and agents shall be indemnified by the Liquidation Trust as and against any and all liabilities, expenses, claims, damages or losses incurred by them as a direct result of acts or omissions taken by them under the Plan and/or the Liquidation Trust Agreement except for acts undertaken in bad faith, with gross negligence or willful misconduct.

9. Removal of Trustee. Pursuant to the Plan or the Liquidation Trust Agreement, the Liquidation Trustee may be removed by the Liquidation Trust Advisory Board with cause. If the Liquidation Trustee is removed with cause, he shall not be entitled to any accrued but unpaid fees, reimbursements or other compensation under the Plan, the Liquidation Trust Agreement or otherwise. Under the Plan and the Liquidation Trust Agreement, the term "cause" shall mean (a) the Liquidation Trustee's gross negligence or failure to perform his duties under the applicable Liquidation Trust Agreement, or (b) the Liquidation Trustee's misappropriation or embezzlement of any assets belonging to the trust or the proceeds thereof. If a Liquidation Trustee is unwilling or unable to serve by virtue of inability to perform its duties under the Liquidation Trust Agreement, due to death, illness, or other physical or mental disability, subject to a final accounting, such trustee shall be entitled to all accrued and unpaid fees, reimbursement, and other compensation, to the extent incurred or arising or relating to events occurring before such removal, and to any out-of-pocket expenses reasonably incurred in connection with the transfer of all powers and duties and all rights to any successor Liquidation Trustee. Upon removal of the Liquidation Trustee, the Liquidation Trust Advisory Board shall promptly appoint a successor Liquidation Trustee; provided, however, that until the DIP Superpriority Claim and Chase Residual Claim are paid in full, Chase's consent will be required to appoint a successor Liquidation Trustee (if the initial Liquidation Trustee resigns or is removed).

10. Investing by the Liquidation Trustee. The Liquidation Trustee may invest Cash (including any earnings thereon or proceeds therefrom) (i) as permitted by Bankruptcy Code Section 345, and (ii) in other prudent investments as authorized by the Liquidation Trust Advisory Board; provided, however, that such investments are permitted to be made by a liquidating trust within the meaning of Treasury Regulation Section 301.7701-4(d), as reflected therein, or under applicable IRS guidelines, rulings, or other controlling authorities. The Liquidation Trustee shall be the exclusive trustee of the assets of the Liquidation Trust for purposes of 31 U.S.C. Section 3713(b) and 26 U.S.C. Section 6012(b)(3).

11. Costs and Expenses of the Liquidation Trust. All Liquidation Trust Expenses shall be the responsibility of and paid by the Liquidation Trust. The Liquidation Trust is the successor to the Debtors' rights to books and records.

12. Federal Income Tax Treatment of the Liquidation Trust. For federal income tax purposes, it is intended that the Liquidation Trust be classified as a liquidating trust under Section 301.7701-4 of the Treasury Regulations and that the Liquidation Trust be owned by its Beneficiaries. Accordingly, for federal income tax purposes, it is intended that the Beneficiaries be treated as if they had received a Distribution from the Estates of an undivided interest in each of the Liquidation Trust Assets and then contributed such interests to the Liquidation Trust.

13. Sale of Assets Free and Clear. Any Liquidation Trust Asset may be sold by the Liquidation Trustee, by auction, private sale or otherwise pursuant to Section 363 of the Bankruptcy Code without further order of the Bankruptcy Court and the Confirmation Order shall constitute authorization for the Liquidation Trustee to consummate such sales and shall be binding on all parties-in-interest. Any sale of such assets shall be free and clear of all Claims, Liens, encumbrances, and interests with any such Claims, Liens, encumbrances, and interests attaching to proceeds of such sale.

d. Nonconsensual Confirmation

If any impaired Class of Claims entitled to vote does not accept the Plan by the requisite statutory majority provided in section 1126(c) of the Bankruptcy Code, the Plan Proponents reserve the right to amend the Plan or undertake to have the Court confirm the Plan under section 1129(b) of the Bankruptcy Code or both as discussed more fully in Article X of the Disclosure Statement. With respect to any impaired classes of Claims that are deemed to reject the Plan, the Plan Proponents shall request the Court to confirm the Plan under section 1129(b) of the Bankruptcy Code.

e. Closing of Chapter 11 Cases

When each Disputed Claim filed against the Debtors have become an Allowed Claim or a disallowed Claim, and all Cash has been distributed in accordance with the terms of the Plan and the Liquidation Trust Agreement, the Liquidation Trustee shall seek authority from the Bankruptcy Court to close the Chapter 11 Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules and to request the Bankruptcy Court to enter the Final Decree.

f. Dissolution of Committee

The Committee shall continue in existence until the Effective Date, and until the Effective Date shall continue to exercise those powers and perform those duties specified in Section 1103 of the Bankruptcy Code, and shall perform such other duties as it may have been assigned by the Bankruptcy Court prior to the Effective Date. On the Effective Date, the Committee shall be dissolved and its members shall be deemed released of all of their duties, responsibilities, and obligations in connection with the Chapter 11 Cases or the Plan and its implementation, and the retention or employment of the Committee's attorneys, financial advisors, and other agents shall terminate. Notwithstanding anything in Article 6 of the Plan, the Committee and its Professionals shall continue to have standing and a right to be heard following dissolution of the Committee solely with respect to: (a) Professional Fee Claims of the Committee's Professionals arising prior to the Effective Date; and (b) any appeals of the Confirmation Order. All reasonable fees and expenses incurred therein shall be paid by the Liquidation Trustee to the extent of available Assets, as applicable, without further order of the Court.

g. Dissolution of the Debtors and Resignation of its Managers and Officers

From and after the Effective Date, the Debtors shall be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of the Debtors or payments to be made in connection therewith; provided, however, that the Liquidation Trustee on behalf of the Debtors may file with the appropriate governmental authority or authorities a certificate or statement of dissolution referencing the Plan and any and all required tax returns or other documents required by the Plan or applicable law. From and after the Effective Date, the Debtors shall not be required to file any document, or take any other action, to withdraw its business operations from any states in which the Debtors were previously conducting business. Upon the Effective Date, all of the Debtors' managers and officers, including the CRO, shall be

deemed to have been terminated by the Debtors without the necessity of any further action or writing, and they shall be released from any responsibilities, duties and obligations that arise after the Effective Date to the Debtors or its creditors under the Plan, the Liquidation Trust Agreement, or applicable law. Under no circumstances shall such parties be entitled to any compensation from the Debtors or the Liquidation Trustee for services provided after the Effective Date, unless such individuals are subsequently employed by the Liquidation Trustee to assist him in the consummation of the Plan or in his administration of the Liquidation Trust.

h. Treatment of Rejected Contracts

1. Rejection of Executory Contracts. All Executory Contracts or unexpired leases (other than those previously rejected or specifically assumed and assigned, in each case pursuant to an order of the Bankruptcy Court) shall be deemed rejected on the Effective Date or such other date as may be agreed to by the Debtors and the counterparties thereto or ordered by the Bankruptcy Court, and the Debtors and respective counterparties shall be relieved of any further obligation to perform under such agreements. Rejected Contract/lease counterparties who do not oppose this proposed treatment by opposing confirmation of the Plan by filing and serving a written objection with the Bankruptcy Court in accordance with the Bankruptcy Code and Bankruptcy Rules shall be deemed to have consented to rejection of such Executory Contract/lease. The Plan shall constitute a request pursuant to Bankruptcy Code Sections 1123(b)(2) and 365(a) and the Confirmation Order (except as otherwise provided therein) shall constitute an order of the Bankruptcy Court approving the rejection by the Debtors of all Executory Contracts that have not otherwise been rejected or assumed by order of the Bankruptcy Court.

2. Rejection Claims Bar Date. If the rejection pursuant to the foregoing paragraph gives rise to a Claim by the other party or parties to such contract or lease, such Claim shall be classified as a Class 3 General Unsecured Claim; provided, however, that any Claim arising from such rejection pursuant to the Plan shall be forever barred and shall not be enforceable against the Debtors, the Estates, or their properties, unless a Proof of Claim is Filed by the Rejection Claims Bar Date.

i. Injunction relating to the Plan

To the fullest extent provided in Section 1141 of the Bankruptcy Code, as of the Effective Date, all Persons that have held, currently hold or may hold a Claim or other debt or Liability, or interest that is addressed in the Plan are permanently enjoined from taking any action on account of such Claims, debts, liabilities, or interest, other than actions brought to enforce any rights or obligations under the Plan.

j. Indemnification, Releases and Exculpation of Managers and Officer of the Debtors and Members of the Committee

1. Releases

a. *Chase Release*. As of the Effective Date, Chase and its subsidiaries, affiliates, successors and assigns, current and former officers,

directors, members, managers, principals, employees, agents, financial advisors, attorneys, accountants, consultants, insurers, reinsurers, underwriters, representatives and other professionals, in each case in their capacity as such (each, a "Chase Released Party") shall be deemed to be and hereby are forever released and discharged by the Debtors, the reorganized debtors, and their respective Estates from any and all claims (as defined in Section 101(5) of the Bankruptcy Code), obligations, rights, suits, demands, damages, actions, causes of action, debts, judgments, remedies and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, direct or indirect, derivative, in law, equity or otherwise relating to any of the Debtors and the Estates or any current or former Assets of any Debtor and taking place on or before the Effective Date; provided, however, that Chase shall not be released from, and shall continue to be bound to perform its obligations under the Chase Settlement Agreement as incorporated into the Plan.

b. ***Claim Holders' and Equity Interest Holder's Release of Claims Against Officers, Managers and Professionals of the Debtors*.** **As of the Effective Date, each Holder of a Claim that votes in favor of the Plan, shall be deemed to have released all direct and derivative claims in connection with or related to any action or omission taking place after the Commencement Date and prior to the Effective Date in any way relating to the Debtors, the Chapter 11 Cases, the Plan, or the Committee, against the Debtors' present and former managers, officers, employees, agents, financial advisors, attorneys and professionals; provided, however, the foregoing shall not waive or release any causes of action arising out of (i) any contractual obligations owing by any such party or (ii) the willful misconduct, gross negligence, intentional fraud or criminal conduct of any such party.**

c. ***Claim Holders' and Equity Interest Holder's Release of Claims Against Creditor Representatives*.** **As of the Effective Date, each Holder of a Claim that votes in favor of the Plan, shall be deemed to have released all direct and derivative claims in connection with or related to any action or omission taking place after the Commencement Date and prior to the Effective Date in any way relating to the Debtors, the Chapter 11 Cases, the Plan or the Committee, against the Committee and its members or any of their respective employees, agents, financial advisors, attorneys and professionals; provided, however, the foregoing shall not waive or release any causes of action arising out of (i) any contractual obligations owing by any such party or (ii) the willful misconduct, gross negligence, intentional fraud or criminal conduct of any such party.**

d. ***Debtors' Release of Claims Against Managers, Officers, Directors and Professional of the Debtors*.** **As of the Effective Date, Debtors shall be deemed to have released all claims in connection with or related to**

any action or omission taking place after the Commencement Date and prior to the Effective Date in any way relating to the Debtors, the Chapter 11 Cases, the Plan, the Committee, against the Debtors' present and former managers, officers, employees, agents, financial advisors, attorneys and professionals; provided, however, the foregoing shall not waive or release any causes of action arising out of (i) any contractual obligations owing by any such party or (ii) the willful misconduct, gross negligence, intentional fraud or criminal conduct of any such party.

e. *Debtors' Release of Claims Against Creditor Representatives*. As of the Effective Date, Debtors shall be deemed to have released all claims in connection with or related to any action or omission taking place after the Commencement Date and prior to the Effective Date in any way relating to the Debtors, the Chapter 11 Cases, the Plan, or the Committee and its members, against the Committee and its members, or any of their respective employees, agents, financial advisors, attorneys and professionals; provided, however, the foregoing shall not waive or release any causes of action arising out of (i) any contractual obligations owing by any such party (ii) any [Avoidance Actions]; or (iii) the willful misconduct, gross negligence, intentional fraud or criminal conduct of any such party.

f. For the avoidance of doubt and notwithstanding anything to the contrary in the Plan or otherwise, nothing herein shall release any claims that arose prior to the Effective Date against the Debtors' Principals or any related parties, affiliates of the Debtors, including but not limited to, BNF Brooklyn, BNF Partners, MTKN, LLC ICB d/b/a Nissan of Mt. Kisco ("MTKN"), White Plains Auto Company, LLC d/b/a White Plains Nissan ("White Plains"), BNF NY Realty, LLC ("BNF NY"), IFC, KAH, ACIM, ALIM, and 8904 and such claims shall be expressly preserved.

2. Exculpation

From and after the Effective Date, each (i) Debtor, (ii) the Committee, (iii) each member of such committee, (iv) each Chase Released Party, (v) and the respective financial advisors, attorneys, accountants, consultants and other professionals of each person or entity referred to in parts (i) through (iv) of this sentence (each an "Exculpated Party") shall neither have nor incur, and each Exculpated Party is hereby released and exculpated from, any Exculpated Claim or obligation, cause of action or liability for any Exculpated Claim, except for gross negligence or willful misconduct, but in all respects each Exculpated Party shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan or in the context of each Debtor's Chapter 11 Case. No Holder of a Claim or membership interest or any other party-in-interest, including their respective agents, employees, representatives, financial advisors,

attorneys, or affiliates, shall have any right of action against any Exculpated Party relating to, or arising out of the Exculpated Claims, except for such Exculpated Party's own willful misconduct or gross negligence; provided, however, that nothing in the Plan shall, or shall be deemed to, release or exculpate the Exculpated Parties with respect to their obligation or covenants arising pursuant to the Plan.

k. No Discharge

Because the Plan is a liquidating plan, under section 1141(d)(3) of the Bankruptcy Code, the Plan does not provide for a discharge of indebtedness.

l. Potential Causes of Action

The Plan preserves all Causes of Action, except for the Causes of Action released in the Chase Settlement Agreement, the Confirmation Order, or the Plan or otherwise expressly released or assigned by an order of this Court, and provides for them to be transferred to the Liquidation Trust on the Effective Date of the Plan. The Committee's investigation of the Debtors' books and records, which remains ongoing, has identified, without limitation, the following potential Causes of Action under the Bankruptcy Code and applicable non-bankruptcy law:

(i) Causes of Action under sections 544, 548, and 550 (among other sections) of the Bankruptcy Code, under other federal statutes, and under applicable state law, against BNF Brooklyn related to the Riverside Lease and the Option Agreement, including, but not limited to: (1) whether BRAC is the rightful party under the Riverside Lease; (2) whether the Riverside Lease and the Option Agreement were actually or constructively transferred to BNF Brooklyn; and (3) BRAC's guarantee of BNF Brooklyn's letter of credit issued by Chase related to the Riverside Lease;

(ii) Causes of Action under sections 544, 548, and 550 (among other sections) of the Bankruptcy Code and under applicable state law against BNF Brooklyn to recover property of the Debtors, or the value of such property, that was actually or constructively transferred to BNF Brooklyn, or transferred to a third-party for the benefit of BNF Brooklyn, whether or not such property or transfer(s) is related to the Riverside Lease, including but not limited to all causes of action and claims covered by the Debtors' proofs of claim filed in the BNF Brooklyn bankruptcy case (Claim Numbers 2,3, and 4, which are incorporated herein by this reference);

(iii) Causes of Action under sections 544, 548, 549 and 550 (among other sections) of the Bankruptcy Code, under other federal statutes, and under applicable state law against the Debtors' Principals to recover property of the Debtors, or the value of such property, that was actually or constructively transferred to the Debtors' Principals, or transferred to a third-party for the benefit of the Debtors' Principals, including but not limited to claims related to (i) the transfer of the Debtors'

funds, in an aggregate amount not less than $22,000,000, to the Debtors' Principals, (ii) the transfer of three exotic cars, namely, (a) a 2011 Bentley Mulsanne VIN # ending 5591, (b) a 2013 Mercedes-Benz G63 VIN # ending 3342, and (c) a 2015 Ferrari 458 VIN # ending 8870; and (iii) the transfer of any funds, property, and/or assets of the Debtors' to other entities that that are owned or managed by the Debtors' Principals, including but not limited to transfers to BNF NY, BNF Brooklyn, BNF Partners, MTKN, White Plains, MTKN, IFC, KAH, ACIM, ALIM, and 8904;

(iv) Causes of Action, to the extent not included above, under sections 544, 548, and 550 (among other sections) of the Bankruptcy Code, under other federal statutes, and under applicable state law against the Debtors' Principals to recover any tax refunds, property, or benefit related to amounts withheld by American Express and remitted to the Internal Revenue Service prior to the Commencement Date;

(v) Causes of Action, to the extent not included above, under sections 544, 548, 549 and 550 (among other sections) of the Bankruptcy Code, under other federal statutes, and under applicable state law against the Debtors' Principals including any tort or breach of contract, breach of fiduciary or other duties owed by the Debtors' Principals to the Debtors and/or to the Debtors' creditors;

(vi) Causes of Action under sections 544, 548, 549 and 550 (among other sections) of the Bankruptcy Code, under other federal statutes, and under applicable state law against 8904 related to the (i) Debtors' guaranty of 8904's obligations to Chase; and (ii) the lease by and between 8904 and BRAC dated November 1, 2014;

(vii) Causes of Action under sections 544, 548, 549 and 550 (among other sections) of the Bankruptcy Code, under other federal statutes, and under applicable state law against 8904 to recover property of the Debtors, or the value of such property, that was actually or constructively transferred to 8904, or transferred to a third-party for the benefit of 8904, including but not limited to the transfer of not less than $1,300,000 in funds of the Debtors to 8904 from 2014 through the Effective Date;

(viii) Causes of Action under sections 544, 548, and 550 (among other sections) of the Bankruptcy Code, under other federal statutes, and under applicable state law against J.T. Magen & Company, Inc. related to the construction project at the BICOM Premises;

(ix) Causes of Action under sections 544, 548, and 550 (among other sections) of the Bankruptcy Code, under other federal statutes, and under applicable state law against Nissan Motor Acceptance Corporation ("NMAC") related to the (i) Fourth Amended and Restated Cross-Guaranty, Cross-Collateral and Cross-Default Agreement, dated as of October 7, 2016 and (ii) Guaranty of BICOM in favor of NMAC dated October 7, 2016;

(x) Causes of Action under sections 544, 548, 549 and 550 (among other sections) of the Bankruptcy Code, under other federal statutes, and under applicable state law against the Debtors' Principals to recover property of the Debtors, or the value of such property, that was actually or constructively transferred to BNF NY, including but not limited to the lease of real property known as 639-43 11th Avenue a/k/a West 47th Street, New York, NY 10036;

(xi) Causes of Action under sections 544, 548, 549 and 550 (among other sections) of the Bankruptcy Code, under other federal statutes, and under applicable state law against the Debtors' Principals to recover property of the Debtors, or the value of such property, that was actually or constructively transferred to the Debtors' Principals, or transferred to a third-party for the benefit of BNF Partners;

(xii) Causes of Action against the Debtors' Principals, or any related parties, affiliates of the Debtors, including but not limited to, BNF Brooklyn, BNF Partners, MTKN, White Plains, BNF NY, IFC, KAH, ACIM, ALIM, and 8904 BNF that received preferential transfers under section 547 of the Bankruptcy Code; and

(xiii) Causes of Action against All Boro Tank Testing, LLC for its failure to pay for its purported purchase from BRAC of a model year 2015 Ford Transit V (VIN No. ending in 7757).

PLEASE TAKE NOTICE THAT, WITH THE EXCEPTION OF THOSE CAUSES OF ACTION THAT ARE RELEASED OR WAIVED UNDER THE TERMS OF THE PLAN, THE CHASE SETTLEMENT AGREEMENT, THE CONFIRMATION ORDER, OR OTHER ORDER OF THE BANKRUPTCY COURT, ALL CAUSES OF ACTION OF THE DEBTORS AND THEIR ESTATES, WHETHER OR NOT SPECIFIED HEREIN, WILL BE PRESERVED AND TRANSFERRED TO THE LIQUIDATING TRUST PURSUANT TO THE PLAN.

THE LACK OF DISCLOSURE OF ANY PARTICULAR CAUSE OF ACTION SHALL NOT CONSTITUTE, NOR BE DEEMED TO CONSTITUTE, A RELEASE OR WAIVER OF SUCH CAUSE OF ACTION, AS THE DEBTORS INTEND FOR THE PLAN TO PRESERVE AND TRANSFER TO THE LIQUIDATION TRUST ANY AND ALL CAUSES OF ACTION HELD BY THE DEBTORS AND THEIR ESTATES AS OF THE EFFECTIVE DATE OF THE PLAN.

VII. ASSETS AND LIABILITIES

a. Liquidation Analysis

Exhibit B contains a liquidation analysis of the Estate (the "Liquidation Analysis") estimating the realizable value of the Assets in the event it is liquidated.

VIII. RETENTION OF SUBJECT MATTER JURISDICTION

a. Retention of Subject Matter Jurisdiction

The Plan proposes that the Bankruptcy Court continue to have subject matter jurisdiction of all matters, and over all Persons arising out of, and relating to, the Chapter 11 Cases and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

a. to consider and rule on the compromise and settlement of any Claim against or Cause of Action on behalf of the Debtors or the Estates;

b. to ensure that distributions to holders of Allowed Claims are accomplished as provided in the Plan;

c. to hear and determine any timely objections to Administrative Expense Claims or to proofs of claim filed, both before and after the Effective Date, including any objections to the classification of any Claim or Equity Interest, and to allow or disallow any Claim, in whole or in part;

d. to hear and determine any and all applications for the allowance of Professional Fees as provided for in the Plan;

e. to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;

f. to issue such orders in aid of execution of the Plan, in accordance with section 1142 of the Bankruptcy Code;

g. to estimate Claims for all purposes under the Plan;

h. to consider any modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in the Plan, including any exhibit thereto, or in any order of the Bankruptcy Court, including the Confirmation Order, as may be necessary to carry out the purposes and intent of the Plan and to implement and effectuate the Plan;

i. to hear and determine matters concerning state, local and federal taxes, including but not limited to those in accordance with sections 346, 505 and 1146 of the Bankruptcy Code, with respect to the Debtor or any Person;

j. to compel the conveyance of property and other performance contemplated under the Plan and documents executed in connection herewith;

k. to enforce remedies upon any default under the Plan;

l. to enforce, interpret and determine any disputes arising in connection with any orders, stipulations, judgments and rulings entered in connection with the Chapter 11 Cases (whether or not the Chapter 11 Cases have been closed);

m. to resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation or enforcement of the Plan, or any Person's obligations incurred in connection herewith;

n. to determine any other matters that may arise in connection with or relate to the Plan, the Liquidation Trust Agreement, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, the Liquidation Trust Agreement, or the Disclosure Statement;

o. to issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person with the occurrence of the Effective Date or enforcement of the Plan;

p. to issue such orders as may be necessary or appropriate in aid of confirmation and/or to facilitate consummation of the Plan;

q. to determine such other matters as may be provided for in the Confirmation Order or other orders of the Bankruptcy Court as may be authorized under the provisions of the Bankruptcy Code or any other applicable law;

r. to hear and determine (a) all motions, applications, adversary proceedings, and contested and litigated matters pending on the Effective Date, and (b) all Claims by or against the Debtor arising under the Bankruptcy Code or non-bankruptcy law, if made applicable by the Bankruptcy Code, whether such Claims are commenced before or after the Effective Date, including, but not limited to, Causes of Action and the Avoidance Claims;

s. to hear and determine all Causes of Action, to the extent not described above; (i) suppliers of goods or services to the Debtor; and (ii) any shareholder, insider or affiliate of the Debtor, for any actions or omissions prior to the Commencement Date; and

t. to enter a Final Decree.

IX. CONFIRMATION

a. Acceptance

The Bankruptcy Code defines acceptance of a plan by an impaired class of claims as acceptance by the holders of at least two-thirds in dollar amount, and more than one-half in number, of the claims of that class which actually cast ballots. If no creditor or interest holder in an impaired class votes, then that class has not accepted the plan.

b. Confirmation

11 U.S.C. § 1129(a) establishes conditions for the confirmation of a plan. These conditions are too numerous and detailed to be fully explained here. Parties are encouraged to seek independent legal counsel to answer any questions concerning the Chapter 11 process. Among the several conditions for confirmation of a plan under 11 U.S.C. § 1129(a) are these:

1. At least one class of impaired creditors and interests must accept the plan, as described immediately above.

2. Either each holder of a claim or interest in a class must accept the plan, or the plan must provide at least as much value as would be received upon liquidation under Chapter 7 of the Bankruptcy Code.

c. Modification

The Plan Proponents reserve the right to modify or withdraw the Plan at any time before confirmation.

d. Effect of Confirmation

If the Plan is confirmed by the Court:

1. Its terms are binding on the debtor, all creditors, shareholders and other parties in interest, regardless of whether they have voted to accept or reject the Plan.

2. Except as provided in the Plan and in 11 U.S.C. § 1141(d), in the case of a corporation that is liquidating and not continuing its business Claims and interests will not be discharged.

X. CRAM-DOWN AND ABSOLUTE PRIORITY RULE

If one or more of the impaired Classes of Claims does not accept the Plan, it may nevertheless be confirmed and be binding upon the non-accepting impaired Class through the "cram-down" provisions of the Bankruptcy Code, if the Plan does not "discriminate unfairly" and is otherwise "fair and equitable" to the non-accepting impaired Classes.

a. Discriminate Unfairly

The Bankruptcy Code requirement that a plan not "discriminate unfairly" means that a dissenting class must be treated equally with respect to other classes of equal rank. The Plan does not "discriminate unfairly" with respect to any Class of Claims or Equity Interests because no Class is afforded treatment which is disproportionate to the treatment afforded other Classes of equal rank, and the treatment under the Plan follows the distribution scheme dictated by the Bankruptcy Code.

b. Fair and Equitable Standard

The "fair and equitable" standard, also known as the "absolute priority rule," requires that a dissenting class receive full compensation for its allowed claims or equity interests before any junior class receives any distribution. The Debtor believes the Plan is fair and equitable to all Classes pursuant to this standard.

With respect to impaired classes of claims, Bankruptcy Code Section 1129(b)(2)(B) provides that the condition that a plan is "fair and equitable" includes the requirement that (i) each holder of a claim of such a class receives or retains on account of such claim, property of a value as of the effective date of the plan equal to the allowed amount of such claim; or (ii) the holder of any claim or interest that is junior to the claims of such class will not receive or retain any property under the plan on account of such junior claim or interest.

The Plan Proponents believe that the Plan satisfies the absolute priority rule and/or any exception thereto.

XI. BEST INTERESTS TEST

Pursuant to section 1129(a)(7) of the Bankruptcy Code, for the plan to be confirmed, it must provide that holders of claims or equity interests who votes against the Plan (or is deemed to vote against the Plan) will receive at least as much under a plan as they would receive in a liquidation of the debtor 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 an allowed claim or equity interest of such class either: (i) accepts the plan; or (ii) receives or retains 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. The Bankruptcy Court will determine whether the value received under the Plan by the Holders of Allowed Claims in each Class or Equity Interests equals or exceeds the value that would be allocated to such Holders in a liquidation under chapter 7 of the Bankruptcy Code. To assist the Bankruptcy Court in making this determination, the Plan Proponents have attached the Liquidation Analysis.

The Plan Proponents believe that the Plan meets the Best Interest Test and provides value which is not less than that which would be recovered by each such holder in a chapter 7 bankruptcy proceeding or proceedings. Generally, to determine what holders of Allowed Claims and Equity Interests in each impaired Class would receive if the Debtors were liquidated, the Bankruptcy Court must determine what funds would be generated from the liquidation of Debtors' assets and properties in the context of a chapter 7 liquidation case for each of the Debtors, which for unsecured creditors would consist of the proceeds resulting from the disposition of the assets of Debtors, augmented by the unencumbered Cash held by Debtors at the time of the commencement of the liquidation cases. Such Cash amounts would be reduced by the costs and expenses of the liquidation and the use of chapter 7 for the purpose of liquidation.

In a chapter 7 liquidation, holders of Allowed Claims would receive distributions based on the liquidation of the remaining assets of Debtors. Such assets would include the same assets

being collected and liquidated under the Plan, *i.e.*, the Causes of Action, including Chapter 5 Claims, and Cash on hand. However, the net proceeds from the collection of property of the Estates available for distribution to Creditors would be reduced by any commission payable to the chapter 7 trustee of each Estate and the fees for the trustee's attorneys, accountants and other professionals, as well as the administrative costs of the Estates (such as the compensation for the Retained Professionals). In chapter 7 cases (which would necessitate a separate chapter 7 case for each Debtor, each with potentially a different chapter 7 trustee), a chapter 7 trustee would be entitled to seek a sliding scale commission based upon the funds distributed by such trustee to creditors, even though the Estates will have already accumulated much of the funds and the Estates will have already incurred many of the expenses associated with generating those funds. Accordingly, there is a reasonable likelihood that creditors would "pay again" for the funds accumulated by the Estates because a chapter 7 trustee or trustees would be entitled to receive a commission in some amount for all funds distributed from the Estates.

It is further anticipated that chapter 7 liquidation cases would result in delay in the payment to creditors. Among other things, a chapter 7 case could trigger a new bar date for filing Claims that would be more than ninety (90) days following conversion of the Chapter 11 Cases to chapter 7. Fed. R. Bankr. P. 3002(c). Hence, chapter 7 liquidation would not only delay distribution but raise the prospect of additional claims that were not asserted in the Chapter 11 Cases.

Finally, it is unclear whether there would be any funds available to a chapter 7 trustee to pursue causes of action on behalf of the Estates.

XII. FEASIBILITY

Section 1129(a)(11) of the Bankruptcy Code requires that the Court determine that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization of the debtor. The Plan meets the feasibility standard as this is a Plan of liquidation and there will not be a subsequent liquidation or reorganization after the Effective Date.

XIII. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

IRS CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, HOLDERS OF CLAIMS AGAINST THE DEBTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS NOT INTENDED TO OR WRITTEN TO BE USED, AND CANNOT BE USED, BY SUCH HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE PLAN; AND (C) SUCH HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. ALL HOLDERS OF CLAIMS AGAINST IN THE DEBTOR SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE PLAN INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN (NON-US) TAX LAWS AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

The following discussion addresses certain United States Federal income tax consequences of the consummation of the Plan to the Debtors.

a. Federal Income Tax Consequences to the Debtors

The Debtors may realize cancellation of debt income to the extent of any debt forgiveness. Such cancellation of debt income is generally excludible from the Debtor's gross income under the bankruptcy exception of Section 108(a)(1)(A) of the Tax Code. To the extent there is cancellation of debt income, the same would reduce the federal tax attributes of the Debtors, including its net operating loss carry-forwards and the tax bases of its assets on the first day of the Debtors' next tax year. If cancellation of debt income exceeds these attributes, it would be exempt from tax.

Pursuant to the Plan, all of the Debtors' remaining assets other than those sold or abandoned prior to the Effective Date will be transferred directly or indirectly (through the Liquidation Trust) to holders of Allowed Claims in liquidation of the Debtors. For federal income tax purposes, any such assets transferred to the Liquidation Trust will be treated as described above.

The Debtors' transfer of its Assets pursuant to the Plan will be treated as a taxable disposition of such assets by the Debtors. It is not known at the present time whether the transfer of the Debtors' assets will result in any gain to the Debtors. If such a transfer results in gain, it is not known at the present time whether the Debtors will have sufficient losses or loss carryforwards to offset that gain. If the transfer results in gain and the Debtors does not have losses or loss carryforwards to offset that gain, the transfer of such assets will result in federal income tax liability.

If a corporation undergoes an ownership change, as defined in IRC section 382(g), the application of pre-change NOLs to reduce income for any post-change year is limited by IRC section 382. The Plan Proponents do not believe that the Debtor have undergone an ownership change.

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, HOLDERS ARE URGED TO CONSULT WITH THEIR TAX ADVISORS ABOUT THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

XIV. VOTING INSTRUCTIONS

a. Voting Rights

Under the Bankruptcy Code, only Classes of Claims that are "Impaired" and that are not deemed as a matter of law to have rejected a plan of reorganization under section 1126 of the Bankruptcy Code are entitled to vote to accept or reject the Plan. Any Class that is "Unimpaired" is not entitled to vote to accept or reject a plan of reorganization and is conclusively presumed to have accepted the Plan. As set forth in section 1124 of the Bankruptcy Code, a Class is "Impaired" if the legal, equitable, or contractual rights attaching to the claims or equity interests of that Class are modified or altered.

Pursuant to the Plan, Claims in Classes 1A – 1C, 2A – 2C, and 3A – 3C are entitled to vote to accept or reject the Plan. Whether a Holder of a Claim in Classes 1A – 1C, 2A – 2C, and 3A – 3C may vote to accept or reject the Plan will also depend on, among other factors set forth in the Bankruptcy Code, Bankruptcy Rules and the Confirmation Order, whether the holder held such Claim as of the Voting Record Date and whether the holder is an "insider" as defined in the Bankruptcy Code.

Pursuant to the Plan, Claims in Class 4 is deemed to have rejected the Plan and are therefore not entitled to vote on the Plan. Pursuant to the Plan, Holders of Equity Interests in Class 4 will not receive any Distribution and are deemed to have rejected the Plan and are therefore not entitled to vote on the Plan.

Creditors that hold Claims in more than one impaired class are entitled to vote separately in each class. Such a creditor will receive a separate ballot for all of its Claims in each class and should complete and sign each ballot separately. A creditor who asserts a Claim in more than one class and who has not been provided with sufficient ballots may photocopy the ballot received and file multiple ballots.

Votes on the Plan will be counted only with respect to Claims: (a) that are listed on the Debtors' Schedules of Assets and Liabilities other than as disputed, contingent or unliquidated; or (b) for which a Proof of Claim was filed on or before the General Claims Bar Date (except for certain Claims expressly excluded from the General Claims Bar Date or which are Allowed by Court order). However, any vote by a holder of a Claim will not be counted if such Claim has been disallowed or is the subject of an unresolved objection, absent an order of the Court allowing such claim for voting purposes pursuant to 11 U.S.C. § 502 and Bankruptcy Rule 3018.

b. Plan Voting Instructions and Procedures

All votes to accept or reject the Plan must be cast by using the Ballots. No votes other than ones using such Ballots will be counted, except to the extent the Bankruptcy Court orders otherwise. The Bankruptcy Court has fixed the Voting Record Date for the determination of the holders of Claims who are entitled to (a) receive a copy of this Disclosure Statement and all of

the related materials and (b) vote to accept or reject the Plan. The Voting Record Date and all of the Debtors' solicitation and voting procedures shall apply to all of the Debtors' Creditors and other parties in interest.

After carefully reviewing the Plan, this Disclosure Statement, and the detailed instructions accompanying your Ballot, you are asked to indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the accompanying Ballot.

The deadline to vote on the Plan is _____, 2018 (Eastern Time) (the "Voting Deadline"). In order for your vote to be counted, your Ballot must be properly completed in accordance with the Voting Instructions on the Ballot, and **received** no later than the Voting Deadline at the address set forth below:

BICOM NY, LLC, et al. Ballot Processing
c/o JND Corporate Restructuring
8269 E. 23rd Avenue, Suite 275
Denver, Co 80238

Only the Holders of Claims in Classes 1A – 1C, 2A – 2C, and 3A – 3C as of the Voting Record Date are entitled to vote to accept or reject the Plan, and they may do so by completing the appropriate Ballots and returning them in the envelope provided by the Voting Agent so as to be actually received by the Voting Agent by the Voting Deadline or by voting on the Voting Agent's website by the Voting Deadline. Each holder of a Claim must vote its entire Claim within a particular Class either to accept or reject the Plan and may not split such votes. If multiple Ballots are received from the same holder with respect to the same Claim prior to the Voting Deadline, the last timely received, properly executed Ballot will be deemed to reflect that voter's intent and will supersede and revoke any prior Ballot. The Ballots will clearly indicate the appropriate return address. It is important to follow the specific instructions provided on each Ballot and/or on the Voting Agent's website.

Unless otherwise provided in the Voting Instructions accompanying the Ballots and/or on the Voting Agent's website or otherwise ordered by the Bankruptcy Court, the following Ballots will not be counted in determining whether the Plan has been accepted or rejected:

- Any Ballot that fails to clearly indicate an acceptance or rejection, or that indicates both an acceptance and a rejection, of the Plan;

- Any Ballot received after the Voting Deadline, except if the Debtor (in consultation with the Committee) has granted an extension of the Voting Deadline with respect to such Ballot, or by order of the Bankruptcy Court;

- Any Ballot containing a vote that the Bankruptcy Court determines was not solicited or procured in good faith or in accordance with the applicable provisions of the Bankruptcy Code;

- Any Ballot that is illegible or contains insufficient information to permit the identification of the Claim;

- Any Ballot cast by a Person or Entity that does not hold an Allowed Claim in a voting Class; and

- Any unsigned Ballot or Ballot without an original signature (or in the case of electronic balloting, a proper and verified electronic signature).

Any party who has previously submitted to the Voting Agent prior to the Voting Deadline a properly completed Ballot may revoke such Ballot and change its vote by submitting to the Voting Agent prior to the Voting Deadline a subsequent properly completed Ballot for acceptance or rejection of the Plan. In the case where more than one timely, properly completed Ballot is received, only the Ballot that bears the latest date will be counted for purposes of determining whether the requisite acceptances have been received. Any party who has delivered a properly completed Ballot for the acceptance or rejection of the Plan that wishes to withdraw such acceptance or rejection rather than changing its vote may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Voting Agent at any time prior to the Voting Deadline. To be valid, a notice of withdrawal must (i) contain the description of the Claims to which it relates and, in the case of Claims, the aggregate principal amount represented by such Claims, (ii) be signed by the withdrawing party in substantially the same manner as the Ballot being withdrawn, (iii) contain a certification that the withdrawing party owns the Claims and possesses the right to withdraw the vote sought to be withdrawn, and (iv) be actually received by the Voting Agent prior to the Voting Deadline.

The Debtors, in consultation with the Committee, subject to contrary order of the Court, may waive any defect in any Ballot at any time, either before or after the close of voting, and without notice. Except as otherwise provided herein, the Debtor may, in consultation with the Committee, reject such defective Ballot as invalid and, therefore, not count it in connection with confirmation of the Plan.

If you have any questions about (a) the procedure for voting your Claim, (b) the Ballot, or (c) the amount of your Claim, or if you wish to obtain, at your own expense (unless otherwise specifically required by Bankruptcy Rule 3017(d)), an additional copy of the Plan, this Disclosure Statement, or any appendices or exhibits to such documents, please contact the Voting Agent at the address specified above. Copies of the Plan, Disclosure Statement, and other documents filed in these Chapter 11 Cases may be obtained free of charge on the Voting Agent's website at http://www.jndla.com/cases/BICOM or may also be obtained by written request (at your cost) to the Voting Agent at the following address:

BICOM NY, LLC, et al. Claims Processing
c/o JND Corporate Restructuring
8269 E. 23rd Avenue, Suite 275
Denver, Co 80238

Documents filed in these cases may also be examined between the hours of 9:00 a.m. and 4:30 p.m., Monday through Friday at the Office of the Clerk of the Bankruptcy Court, One Bowling Green, Room 534, New York, New York 10004.

THE DEBTORS AND THE COMMITTEE URGE HOLDERS OF CLAIMS WHO ARE ENTITLED TO VOTE TO TIMELY RETURN THEIR BALLOTS AND TO VOTE TO ACCEPT THE PLAN BY THE VOTING DEADLINE.

c. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires that the Bankruptcy Court, after notice, hold a hearing on Confirmation of the Plan. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to Confirmation of the Plan.

The Confirmation Hearing has been set for **_____, 2018 at ___ am/pm (**ET) before the Honorable Michael E. Wiles in Courtroom 617, at the United States Bankruptcy Court for the Southern District of New York, located at One Bowling Green, New York, New York 10004-1408. The Confirmation Hearing may be adjourned from time to time without further notice except for an announcement of the adjourned date made at the hearing.

Objections to Confirmation of the Plan must be filed and served on the Plan Proponents, Chase and certain other entities, all in accordance with the Confirmation Hearing Notice by no later than __, 2018 **at** [ ] **(Eastern Time).** Unless objections to Confirmation of the Plan are timely served and filed in compliance with the Disclosure Statement Order, which is attached to this Disclosure Statement, they may not be considered by the Bankruptcy Court.

XV. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not confirmed, the potential alternatives include (a) alternative plans of liquidation under chapter 11, (b) dismissal of the Chapter 11 Cases, or (c) conversion of the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code.

a. Alternative Plan

The Plan Proponents do not believe that there are any alternative plans. The Plan Proponents believe that the Plan enables holders of Claims to realize the greatest possible value under the circumstances and that, compared to any hypothetical alternative plan, the Plan has the greatest chance to be confirmed and consummated.

b. Liquidation under Chapter 7

If the Plan is not confirmed, the Chapter 11 Cases may be converted to chapter 7 liquidation cases. Proceeding under chapter 7 would impose significant additional monetary and time costs on the Debtors' Estates. Under chapter 7, one or more trustees would be elected or appointed to administer the Estates, to resolve pending controversies, including Disputed Claims

against the Debtors and Claims of the various Estates against other parties, and to make distributions to holders of Claims. A chapter 7 trustee would be entitled to compensation in accordance with the scale set forth in section 326 of the Bankruptcy Code, and the trustee would also incur significant administrative expenses. The chapter 7 administrative expenses also take priority over any chapter 11 administrative expenses.

A chapter 7 trustee would not possess any particular knowledge about the Debtors. Additionally, a trustee would probably seek the assistance of professionals who may not have any significant background or familiarity with these Chapter 11 Cases. The trustee and any professionals retained by the trustee likely would expend significant time familiarizing themselves with these Chapter 11 Cases. This would result in duplication of effort, increased expenses, and delay in payments to creditors. In addition to these time and monetary costs, there are other problems in a chapter 7 liquidation that would likely result in a substantially smaller recovery for holders of Claims than under the Plan, including a chapter 7 trustee's lack of background [or ability to pursue the arbitration awards].

XVI. RECOMMENDATION

The Plan provides for an orderly process intended to maximize the distribution to holders of Allowed Claims against the Debtors. The Plan Proponents believe that the Plan is in the best interests of all holders of Claims, even though holders of Administrative Expense Claims, Priority Tax Claims, Priority Non-Tax Claims, and General Unsecured Claims may not be paid in full. The most likely alternative to confirmation of the Plan is a liquidation under Chapter 7 of the Bankruptcy Code. In the event of a liquidation of the Debtors' Assets under Chapter 7 of the Bankruptcy Code, the Plan Proponents believe that holders of Administrative Expense Claims, Priority Tax Claims, Priority Non-Tax Claims, and General Unsecured Claims would receive less than they would under the Plan and would receive a Distribution later in time than if the Plan is confirmed. For these reasons, the Plan Proponents believe that the Plan is in the best interests of all holders of Claims and urge that the Plan be accepted.

Dated: August 3, 2018

DEBTORS:

BICOM NY, LLC

By: /s/Steven F. Agran
Name: Steven F. Agran, CTP, CIRA
Its: Chief Restructuring Officer

BAY RIDGE AUTOMOTIVE COMPANY, LLC

By: /s/Steven F. Agran
Name: Steven F. Agran, CTP, CIRA
Its: Chief Restructuring Officer

ISCOM NY, LLC

By: /s/Steven F. Agran
Name: Steven F. Agran, CTP, CIRA
Its: Chief Restructuring Officer

OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR EACH OF THE DEBTORS:

By: /s/Ray Lahey
Name: Ray Lahey
Its: Chairperson