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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X  
In re :  
 : Chapter 11  
MURPHY & DURIEU, L.P., :  
 : Case No. 17-22730 (RDD)  
 :  
Debtor. :  
-----X

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DEBTOR'S DISCLOSURE STATEMENT IN SUPPORT OF PLAN OF LIQUIDATION

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Dated: January 24, 2018

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## I. INTRODUCTION

### A. Overview

Murphy & Durieu, L.P. (the “Debtor”) is the debtor and debtor in possession in this chapter 11 bankruptcy case (the “Chapter 11 Case”). On May 16, 2017, the Debtor commenced the Chapter 11 Case by filing voluntary chapter 11 petitions under title 11 of the United States Code, 11 U. S.C. § 101, *et seq.* (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”). Chapter 11 of the Bankruptcy Code allows the Debtor, and under some circumstances, creditors and other parties in interest, to propose a plan of reorganization, or in this case, liquidation. Such a plan may provide for the Debtor to reorganize by continuing to operate, to liquidate by selling assets of the estate, or a combination of both. The Debtor is the party proposing the Plan of Liquidation (the “Plan”), which is included in the package provided to you. In addition, the Plan is attached hereto as Exhibit A. The document you are reading is the Disclosure Statement in Support of the Plan (the “Disclosure Statement”).

This Disclosure Statement describes the Plan and explains the Debtor’s pre-bankruptcy operating and financial history, the events leading up to the commencement of the Chapter 11 Case, significant events during these cases, and the anticipated results if the Plan is confirmed and becomes effective. This Disclosure Statement also describes terms and provisions of the Plan, including certain effects of confirmation of the Plan, certain alternatives to the Plan and the manner in which Distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that holders of claims entitled to vote under the Plan must follow for their votes to be counted.

The Plan is a liquidating plan. In other words, the Plan proposed by the Debtor provides for the liquidation, release and/or preservation of any assets or claims of the Debtor and the distribution of funds to the Debtor’s creditors. Certain settlements will be implemented between and among major creditors as part of the Plan. As part of the compromises contained in the Plan, certain funds will be set aside for the benefit of Holders of Class 3 Secured Demand Note Claims and a Plan Administrator will be appointed to review, analyze and object to Claims, or, as appropriate, continue the prosecution of those objections being pursued by the Debtor on the Effective Date, and to evaluate and potentially pursue the Retained Causes of Action and make Distributions to holders of Allowed Claims. Apart from the activity that will continue by the Plan Administrator, as set forth in the Plan, the Debtor’s Estate will otherwise be wound down promptly following the Effective Date of the Plan.

### B. Representations and Limitations

**NO PERSON IS AUTHORIZED IN CONNECTION WITH THE PLAN OR THE SOLICITATION OF VOTES THEREON TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS ANNEXED HERETO OR INCORPORATED HEREIN BY REFERENCE OR REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DEBTOR.**

**NO REPRESENTATIONS CONCERNING THE DEBTOR OR THE PLAN ARE AUTHORIZED OTHER THAN AS SET FORTH HEREIN. ANY REPRESENTATIONS OR INDUCEMENTS TO SECURE YOUR ACCEPTANCE OF THE PLAN OTHER THAN AS CONTAINED HEREIN SHOULD NOT BE RELIED UPON BY YOU.**

**THE INFORMATION CONTAINED HEREIN HAS BEEN PREPARED BY THE DEBTOR IN GOOD FAITH, BASED UPON UNAUDITED INFORMATION AVAILABLE TO THE DEBTOR AS OF THE DATE HEREOF. ALTHOUGH THE DEBTOR HAS USED ITS BEST EFFORTS TO ENSURE THAT SUCH INFORMATION IS ACCURATE, THE INFORMATION CONTAINED HEREIN IS UNAUDITED. THE DEBTOR BELIEVES THAT THIS DISCLOSURE STATEMENT COMPLIES WITH THE REQUIREMENTS OF THE BANKRUPTCY CODE.**

**THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF, UNLESS ANOTHER TIME IS SPECIFIED HEREIN, AND DELIVERY OF THIS DISCLOSURE STATEMENT SHALL NOT CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE FACTS SET FORTH HEREIN SINCE THE DATE OF THIS DISCLOSURE STATEMENT AND/OR THE DATE THAT THE MATERIALS RELIED UPON IN PREPARATION OF THIS DISCLOSURE STATEMENT WERE COMPILED.**

**IT IS THE DEBTOR'S POSITION THAT THE DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN, AND NOTHING CONTAINED HEREIN SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE ADVICE ON THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON HOLDERS OF CLAIMS AGAINST OR EQUITY INTERESTS IN THE DEBTOR.**

**THE DESCRIPTION OF THE PLAN CONTAINED IN THIS DISCLOSURE STATEMENT IS INTENDED AS A SUMMARY ONLY AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN ITSELF. EACH CREDITOR AND EQUITY INTEREST HOLDER IS ENCOURAGED TO READ, CONSIDER AND CAREFULLY ANALYZE THE TERMS AND PROVISIONS OF THE PLAN.**

**THIS DISCLOSURE STATEMENT AND THE PLAN PROVIDE FOR INJUNCTIVE RELIEF AS TO THE DEBTOR. THE PERMANENT INJUNCTIONS SET FORTH IN THE PLAN WILL APPLY TO HOLDERS OF ANY CLAIM, EQUITY INTEREST, LIEN, ENCUMBERANCE OR DEBT, WHETHER SECURED OR UNSECURED, GRANTED PRIORITY STATUS, INCLUDING PRIORITY TAX (FEDERAL OR STATE), NON-PRIORITY UNSECURED CLAIM OR ANY EQUITY INTEREST IN THE DEBTOR. CREDITORS AND EQUITY INTEREST HOLDERS WILL BE BOUND BY THIS INJUNCTIVE RELIEF UNLESS CREDITORS TIMELY FILE OBJECTIONS IN ACCORDANCE WITH THE PROVISIONS SET FORTH IN THE**

**DISCLOSURE STATEMENT ORDER OR HEREIN AND APPEAR AT THE CONFIRMATION HEARING TO PROSECUTE ANY OBJECTION.**

**THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) OR ANY STATE SECURITIES REGULATOR, AND NEITHER THE SEC NOR ANY STATE SECURITIES REGULATOR HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT.**

**C. Purpose of This Document**

The purpose of the Disclosure Statement is to set forth information that (i) summarizes the Plan and alternatives to the Plan, (ii) advises holders of Claims and Equity Interests of their rights under the Plan, (iii) assists creditors entitled to vote in making informed decisions as to whether they should vote to accept or reject the Plan, and (iv) assists the Bankruptcy Court in determining whether the Plan complies with the provisions of chapter 11 of the Bankruptcy Code and should be confirmed.

You are urged to read the Disclosure Statement in order to determine what rights you may have to vote on or object to the Plan and before making any decision on any such course of action. Particular attention should be directed to the provisions of the Plan affecting or impairing your rights as they existed before the institution of the Chapter 11 Cases. Please note, however, that this Disclosure Statement cannot tell you everything about your rights. For instance, this Disclosure Statement cannot and does not provide a complete description of the financial status of the Debtor, all of the applicable provisions of the Bankruptcy Code, or other matters that may be deemed significant by creditors and other parties in interest. You are also encouraged to consult with your lawyers and/or advisors as you review and consider the Disclosure Statement and the Plan to enable you to obtain more specific advice on how the Plan will affect you.

Be sure to read the Plan as well as the Disclosure Statement. If there are any inconsistencies between the Plan and the Disclosure Statement, the Plan provisions will govern. Bankruptcy Code Section 1125 requires a Disclosure Statement to contain “adequate information” concerning the Plan. The term “adequate information” is defined in Bankruptcy Code Section 1125(a) as “information of a kind, and in sufficient detail,” about a debtor and its operations “that would enable a hypothetical reasonable investor typical of holders of claims or interests” of the debtor to make an informed judgment about accepting or rejecting the Plan.

**D. Brief Explanation of Chapter 11**

The commencement of a bankruptcy case creates an estate composed of all the legal and equitable interests of the Debtor as of the date they file for bankruptcy protection. The Debtor filed its petition for Chapter 11 relief on May 16, 2017 (the “Petition Date”). In a Chapter 11 case, a debtor may continue to operate its business and remain in possession of its property as a “debtor-in-possession” unless the Bankruptcy Court orders the appointment of a trustee. The principal purpose of a Chapter 11 case is to permit the debtor to reorganize its business or

liquidate its assets. To further that interest, the debtor or a party in interest will submit a plan as a proposal for ultimately settling and/or satisfying the claims against the debtor.

**E. Important Dates**

The terms of the settlement agreement entered into between Murphy and the Mays requires that the Effective Date of the Plan occur on or before March 30, 2018. As a result, the Debtor was required to move quickly toward confirmation of the Plan.

The Bankruptcy Court approved this Disclosure Statement by and through the Disclosure Statement Order (defined below) entered on [\_\_\_\_\_], 2018 after notice and hearing and in accordance with Section 1125 of the Bankruptcy Code. The Bankruptcy Court found that the information contained herein is of the kind, and is sufficiently detailed, to enable a hypothetical, reasonable investor typical of the class being solicited to make an informed judgment concerning the Plan. **HOWEVER, THE BANKRUPTCY COURT HAS NOT CONFIRMED THE PLAN, NOR IS THIS DISCLOSURE STATEMENT OR THE DISCLOSURE STATEMENT ORDER TO BE CONSTRUED AS APPROVAL OR ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.**

As stated in the Disclosure Statement Order, the Bankruptcy Court has scheduled a hearing to consider confirmation of the Plan for [\_\_\_\_\_], 2018 at [\_\_\_] a.m. Holders of Claims and Equity Interests and other parties in interest may attend this hearing. Objections to confirmation of the Plan must be filed on or before [\_\_\_\_\_], 2018 as set forth in the Disclosure Statement Order.

All ballots with respect to the Plan must be completed in full and signed to be counted in the tabulation of the votes and must be received by the Debtor's attorneys, Klestadt Winters, Jureller Southard & Stevens, LLP ("Voting Agent") no later than 4:00 p.m. on [\_\_\_\_\_], 2018.

Completed and signed ballots should be returned by first class mail, overnight mail or hand delivery to the Voting Agent at the below address in the enclosed self-addressed return envelope to:

Murphy & Durieu, L.P. Balloting  
c/o Klestadt Winters, Jureller Southard & Stevens, LLP  
200 West 41st Street, 17<sup>th</sup> Floor  
New York, New York 10036  
Attn: Fred Stevens

**F. Solicitation Procedures**

Creditors holding Claims that are impaired have the right to vote to accept or reject the Plan. Generally speaking, a Claim or Equity Interest is impaired if the Plan alters the legal, contractual or equitable rights of the holder of the Claim or Equity Interest. A Class of creditors accepts the Plan when non-insider creditors holding two-thirds in amount of such Class and more than one-half in number of the Claims in such Class who actually cast their ballots vote to accept the Plan.

In the Chapter 11 Case, the Plan contains three (3) Classes of Claims and one (1) Class of Equity Interests. Claims in Class 1 are not impaired under the Plan and are conclusively presumed to have accepted the Plan pursuant to Section 1126(f) of the Bankruptcy Code. The Plan provides that holders of Claims in Class 2 and Class 3 are impaired because the Plan alters the legal, contractual and equitable rights of the holders of such Claims. Class 4 Equity Interests receive no Distribution under the Plan and are therefore deemed to reject the Plan. **Accordingly, votes on the Plan will be solicited from Class 2 and Class 3 Claims only.**

**G. Recommendation**

It is the Debtor's opinion that the treatment of creditors and interest holders under the Plan contemplates a greater recovery than that which is likely to be achieved under any other alternative for the liquidation of the Debtor's assets under chapter 11 or chapter 7 of the Bankruptcy Code. Accordingly, the Debtor submits that confirmation of the Plan is in the best interests of the Debtor's creditors and interest holders and recommends that all holders of Claims entitled to vote on the Plan vote to accept the Plan.

**H. Inquiries**

If you have any questions about the packet of materials that you have received, please contact Debtor's counsel, Klestadt Winters Jureller Southard & Stevens, LLP by telephone at (212) 972-3000 during normal business hours.

**I. Definitions and Exhibits**

Definitions. Unless otherwise defined herein, capitalized terms used in this Disclosure Statement will have the meanings ascribed to such terms in the Plan.

Exhibits. The following exhibits are annexed hereto and expressly incorporated herein:

Exhibit A: A copy of the Plan

Exhibit B: Liquidation Analysis

Other Terms. The words "herein," "hereof," "hereto," "hereunder," and others of similar inference refer to the Disclosure Statement as a whole and not to any particular section, subsection, or clauses contained in the Disclosure Statement unless otherwise specified herein. A term used herein or elsewhere in the Disclosure Statement that is not defined herein or in the Plan shall have the meaning ascribed to that term, if any, in the Bankruptcy Code or the Bankruptcy Rules. The headings in the Disclosure Statement and Plan are for convenience of reference only and shall not limit or otherwise affect the provisions of the Plan.

Exhibits. All exhibits to the Plan and Disclosure Statement are incorporated into and are a part of the Plan and Disclosure Statement as if set forth in full therein.

**J. Enclosures**

The following materials are included with this Disclosure Statement:

1. A copy of the Plan (Exhibit A to the Disclosure Statement);
2. A copy of an order approving the Disclosure Statement (the “Disclosure Statement Order”), which states: (a) the date by which objections to confirmation of the Plan must be served and filed, (b) the date by which all votes with respect to the Plan must be cast, (c) the date of the hearing in the Bankruptcy Court to consider confirmation of the Plan (the “Confirmation Hearing”), and (d) other relevant information;
3. A copy of the notice of the deadline for submitting ballots to accept or reject the Plan and, among other things, the date, time and place of the Confirmation Hearing and the deadline for filing objections to confirmation of the Plan (the “Confirmation Hearing Notice”);
4. A ballot (and return envelope) for voting to accept or reject the Plan, unless you are not entitled to vote because you are (i) to receive no Distribution under the Plan and are deemed to reject the Plan or (ii) not impaired under the Plan and are deemed to accept the Plan; and
5. A notice of non-voting status if you are not impaired under the Plan and are deemed to accept the Plan, or a notice of non-voting status if you are not receiving a Distribution under the Plan, and are deemed to reject the Plan, as applicable.

**II. HISTORY OF THE DEBTOR**

**A. The Debtor’s Business**

Until 2016, the Debtor was an institutional broker-dealer qualified and operating under the Financial Industry Regulatory Authority Inc. (“FINRA”) with offices at 120 Broadway, New York, New York. The Debtor operated consistently and successfully as a broker-dealer from 1929 until in or around March 2015. The Debtor’s decision to wind-down its broker-dealer business was based upon prevailing market factors that plague the broker-dealer industry.

As of the Petition Date, the Debtor’s active personnel consisted of Joshua Rizack, Chief Restructuring Officer; Richard Murphy, General Partner; and Richard Petri, who has been an employee and/or regular consultant to the Debtor for over twenty (20) years. Prior to commencing the Chapter 11 Case, the Debtor had already managed a significant portion of its wind-down activities. It surrendered its leased office space at 120 Broadway, New York, New York. It resolved any and all customer claims, thus qualifying it to file the Chapter 11 Case, and had also resolved most debtor-creditor issues. At this time, the Debtor has cash and securities in a single Clearing Account, which is segregated into fourteen (14) sub-accounts (the “Pershing Accounts”) for accounting purposes, at its previous clearing firm, Pershing LLC, a wholly owned subsidiary of The Bank of New York Mellon Corporation (“Pershing”).

Certain of the Pershing Accounts have negative balances and certain have positive balances. In order to determine the aggregate amount of cash and securities Debtor holds in its accounts at Pershing, the negative balances must be subtracted from the positive balances because the Pershing Accounts comprise a single clearing account. The approximate balances of the Pershing Accounts as of December 31, 2017 were as follows:

Account No.	Account Description	Cash	Securities	Balance/Net Worth as of December 31, 2017
*****777	M&D SDN for J May 1	\$ 288,676.41	\$ 826,173.00	\$ 1,114,849.41
*****874	Allocation Account K May 1	\$ 219,854.37	\$ 481,919.04	\$ 701,773.41
*****908	Allocation Account SDN for J May 2	\$ 887,802.81	\$ 914,270.86	\$ 1,802,073.67
*****916	Allocation Account SDN for K May 2	\$ 168,462.03	\$ 320,244.73	\$ 488,706.76
*****940	Allocation Account SDN for T Pournarass	\$ 279,863.23	\$ -	\$ 279,863.23
*****218	M&D Riskless Principal Account	\$ 24,296.48	\$ -	\$ 24,296.48
*****366	M&D Hugh Finkel Bond Trading	\$ 0.40	\$ -	\$ 0.40
*****319	M&D Commission Account	\$ (233.47)	\$ -	\$ (233.47)
*****681	M&D Sundry Charge Account	\$ (567,922.71)	\$ -	\$ (567,922.71)
*****168	M&D Pure Prop/Tomassino	\$ (24.71)	\$ -	\$ (24.71)
*****341	M&D Dead Box	\$ (231,445.61)	\$ 3,312.05	\$ (228,133.56)
*****679	M&D Agency/Silk	\$ (0.07)	\$ -	\$ (0.07)
*****007	M&D Wiring Account	\$ (18,265.91)	\$ -	\$ (18,265.91)
*****124	M&D Deposit A/C	\$ 7865.04		\$ 7,865.04
*****333	M&D House A/C	\$ (380,869.78)	\$ 18,527.32	\$ (362,342.46)
<b>TOTALS:</b>		<b>\$ 678,058.51</b>	<b>\$ 2,564,447.00</b>	<b>\$ 3,242,505.51</b>

Among other liabilities, the Debtor has obligations to the Holders of Secured Demand Notes. By way of additional background, broker-dealers are required by law to maintain adequate capital. Capital can be obtained by way of contributions by the owners of a firm. An alternative means of capitalizing a broker-dealer is by way of a secured demand note. Pursuant to a secured demand note, a secured demand note lender agrees to contribute principal in the face amount of a secured demand note to the firm on demand under certain conditions. The lender must then collateralize its obligations to the firm with cash or securities equal to the face amount of the secured demand note, plus some margin. That collateral, be it cash or securities, is then held by the firm in the firm's name and can be pledged by the firm as collateral for other loans.

In the event the firm requires, it may demand that the lender pay the face amount of the secured demand note. If the lender fails to pay the face amount of the secured demand note, the firm may liquidate the collateral in order to raise the face amount of the secured demand note. The obligation to return the face amount of the secured demand note is, by its own terms, subordinate to all other obligations of the firm. Further, such lenders are not “customers,” and thus, are not protected by the Securities Investor Protection Corporation (“SIPC”).

The Debtor has various obligations relating to the Secured Demand Notes, including the following: (i) the obligation to repay the face amount of each Secured Demand Note, which obligation is subordinated to all of the Debtor’s other obligations; (ii) the obligation to repay any amount of the excess collateral securities already liquidated and utilized by pledge or otherwise by the Debtor; and (iii) the obligation to return any currently held excess collateral securities in the Pershing Accounts beyond the face amount of the Secured Demand Notes to the holder of the Secured Demand Notes. As discussed in Section 3 below, the Debtor resolved certain disputes relating to the Secured Demand Notes with its largest creditors, Jeanine May Scharff and Kristin May Galvin (collectively, the “Mays”), through the Plan Settlement. As part of the Plan Settlement, it was agreed among the settling parties that the cash and securities in all of the Pershing Accounts would be deemed to be property of the Debtor, but that the obligation to return excess collateral gives rise to a general unsecured claim, senior to the face amount of the Secured Demand Notes.

As a result of the Plan Settlement, the Debtor has the following obligations arising from the Secured Demand Notes (both face amount and the obligation to return excess collateral in the form of cash and/or securities) updated as of the relevant Pershing Accounts balances as of December 31, 2017:

SDN Lender	Collateral - Cash Only or Cash and Securities	Class 3 - Subordinated Obligation on SDN Face	Class 2 - General Unsecured Claims for Return of Collateral – Cash/Securities at Market Value	Aggregate Claim Including Face Amount of SDN and Obligation to Return Collateral
Louis DeAngelo		\$200,000.00	None	\$200,000.00
Janine May <sup>1</sup> Scharff	Securities	\$30,000.00	\$1,084,849.41	\$1,114,849.41
Janine May Scharff	Securities	\$95,000.00	\$1,707,073.67	\$1,802,073.67
Kristin May Galvin	Securities	\$72,000.00	\$629,773.41	\$701,773.41
Kristin May Galvin	Securities	\$53,000.00	\$435,706.76	\$488,706.76
Thomas Pournaras	Securities	\$100,000.00	\$179,863.23	\$279,863.23
Richard Ricciardi		\$100,000.00	None	\$100,000.00
Anthony Riccio		\$100,000.00	None	\$100,000.00
<b>TOTALS</b>		<b>\$750,000.00</b>	<b>\$4,037,266.48</b>	<b>\$4,787,266.48</b>

**B. Events Leading to Commencement of Chapter 11 Case.**

Although it had wound down much of its business, the Debtor was denied access to the Pershing Accounts by Pershing as of around February 2015, in response to competing demands

<sup>1</sup> Richard Murphy, the Debtor’s General Partner has guaranteed the Debtor’s obligations to Janine May Scharff and Kristin May Galvin, which arise from the Secured Demand Notes.

made by the Mays for the turnover of accounts attributable to their collateral cash and securities. The Debtor was unable to resolve these disputes or gain access to the Pershing Accounts prior to the Petition Date. Finally, the Mays commenced arbitration with FINRA on or around February 15, 2017, naming the Debtor and Pershing as respondents, in order to resolve disputes over the Pershing Accounts (FINRA Arbitration No. 17-00421 (the “May Arbitration”)).

The Debtor believed, based upon the law and the terms of the controlling agreements, that the Pershing Accounts are property of the Debtor and the obligation to return the SDN Face Amount and the excess collateral is an obligation that is subordinated to all other obligations of the Debtor. However, the Mays disputed whether the Pershing Accounts are property of the Debtor and argued that the Debtor’s obligation to return excess collateral was a general unsecured obligation of the Debtor. While the Debtor could have continued with the May Arbitration, it provided no mechanism for dealing with every debtor-creditor and other remaining issue with the Debtor’s wind-down. Accordingly, the Debtor commenced the Chapter 11 Case to obtain access to this forum and fully and finally wrap-up its affairs and resolve by litigation or agreement all remaining issues.

### **III. SIGNIFICANT EVENTS IN CHAPTER 11 CASE**

#### **A. Schedules of Assets and Liabilities and Claims Bar Date**

On June 30, 2017 the Debtor filed its Schedules of Assets and Liabilities and Statements of Financial Affairs [Docket Nos 23 and 24].

On August 8, 2017, the Debtor filed a motion seeking entry of a bar date for filing claims in these Chapter 11 Cases [Docket No. 29]. On August 9, 2017, the Bankruptcy Court entered an Order approving the motion and setting September 25, 2017 as the general claims bar date and November 12, 2017 as the governmental claims bar date [Docket No. 30].

#### **B. Settlement with the Mays**

As discussed above, the Debtor has various obligations relating to the Secured Demand Notes. There exists a legal dispute with regard to whether the excess collateral securities in Pershing Accounts is the property of the Debtor (making the holder of a Secured Demand Note a creditor for the value of held collateral securities) or the property of the holders of the Secured Demand Notes (warranting the Debtor’s turnover of the accounts to their respective lender). After lengthy negotiations, the Debtor resolved these legal disputes with its largest creditors, the Mays. As part of the resolution, it was agreed among the parties that the cash and securities in all of the Pershing Accounts will be deemed to be property of the Debtor, but that (1) the obligation to return such collateral shall be treated as Class 2 General Unsecured Claims, and (2) the Debtor’s obligations to return the face amount of the Secured Demand Notes shall be treated as Class 3 Subordinated Note Claims, and (3) there would be \$50,000 allocated for payment to Holders of Class 3 Subordinated Note Claims. In addition to the foregoing, the resolutions allow for Pershing to set-off Cash held in the SDN Collateral Accounts against negative balances in other of the Debtor’s accounts at Pershing. The parties also agreed to the various mechanisms and funding necessary to make the Plan go effective and to effectuate its administration and the wind-down of the Debtor. The global resolution provides for the following Claims to be allowed

in an amount equal to the amount set forth for each such creditor in the relevant Pershing accounts. As of December 31, 2017, those amounts were as follows:

<b>Claimant</b>	<b>Allowed Class 2 Claim<sup>2</sup></b>	<b>Allowed Class 3 Claim</b>
Janine May Scharff	\$2,791,923.08	\$125,000.00
Kristin May Galvin	\$1,065,480.16	\$125,000.00
Thomas Pournaras	\$179,863.23	\$100,000.00
Louis DeAngelo	\$0	\$200,000.00
Richard Ricciardi	\$0	\$100,000.00
Anthony Riccio	\$0	\$100,000.00

The Plan Settlement also provides for the appointment of Joshua Rizack as the Plan Administrator to wind down the Debtor’s affairs if the Plan is confirmed. In addition, the Debtor and the Mays shall exchange general releases, which shall be effective as of the Effective Date. Notably, the Plan Settlement does not affect the Mays rights to pursue a recovery against Murphy under certain personal guarantees he issued in relation to the Mays’ Secured Demand Notes. Notwithstanding the fact that he will not receive a general release through the Plan, Murphy has agreed to waive any entitlement to receive a distribution on account of an alleged \$575,000 loan he made to the Debtor prior to the commencement of the Chapter 11 case, and such claim shall be deemed withdrawn and expunged.

**C. Cash on Hand**

The Debtor has approximately \$15,000 in Cash on hand, but will have approximately \$693,000 of Cash on hand when and if the Plan becomes effective, which will be used in accordance with the terms of the Plan. The Debtor’s only other significant assets are the Securities held in the Pershing Accounts and additional securities accounts valued at approximately \$21,839.37 in the aggregate.

**IV. SUMMARY OF THE PLAN**

**A. Description of the Plan**

The following is a brief summary of certain provisions of the Plan; however, this summary is not comprehensive. The Plan and not the Disclosure Statement is the legally operative document that controls the relationship between the Debtor and its Creditors.

<sup>2</sup> These amounts are estimates and remain subject to change based upon fluctuations in the market values of securities prior to the Effective Date.

Therefore, the Plan should be read carefully and independently of this Disclosure Statement. Creditors are urged to consult with counsel and other professionals in order to fully resolve any questions concerning the Plan.

**B. Overview**

The Plan is simple and straight-forward. The Plan is a liquidating Plan. A Plan Administrator shall be appointed to oversee the liquidation of the Debtor's assets, review and resolve claims, make distributions to Creditors and wind-down the Debtor's Estate.

**C. Classification and Treatment of Claims**

**1. Unclassified Claims**

a. **Administrative Expense Claims.** The Plan provides that except to the extent any entity entitled to payment of an Allowed Administrative Expense Claim has received payment on account of such Claim prior to the Effective Date or agrees to less favorable treatment, each Holder of an Allowed Administrative Expense Claim shall receive Cash from the Plan Administrator in an amount equal to such Allowed Claim by the later of either (i) the Effective Date or as soon thereafter as is reasonably practicable, or (ii) the date that is 14 days after the Administrative Expense Claim is Allowed.

b. **Professional Fees.** The Plan provides that all Professionals seeking payment of professional fees or reimbursement of expenses incurred through and including the Effective Date under § 503(b)(2), (3), (4) or (5) of the Bankruptcy Code ("Professional Fees") shall file their respective final applications on or before the date that is forty-five (45) days after the Effective Date. The Professional Fees shall be paid by the Plan Administrator as and when they are Allowed.

c. **Statutory Fees.** The Plan provides that on the Effective Date, the Debtor shall make all payments required to be paid to the U.S. Trustee pursuant to § 1930 of Title 28 of the United States Code. All fees payable pursuant to § 1930 of Title 28 of the United States Code after the Effective Date shall be paid by the Plan Administrator on a quarterly basis until the Chapter 11 Case is closed, converted, or dismissed.

d. **Priority Tax Claims.** The Plan provides that except to the extent that a Holder of an Allowed Priority Tax Claim has been paid by the Debtor prior to the Effective Date or agrees to a different treatment, each Holder of an Allowed Priority Tax Claim shall receive, in full and complete settlement, satisfaction and discharge of its Allowed Priority Tax Claim, Cash in an amount of such Holder's Allowed Claim on the Effective Date. Under the Plan, Holders of Allowed Priority Tax Claims against the Debtor shall not be entitled to any payments on account of any post-Petition Date interest or penalty with respect to or in connection with an Allowed Priority Tax Claim. Any such Claim or demand for any post-Petition Date interest or penalty will be discharged upon the entry of the Confirmation Order by Bankruptcy Code § 1141(d)(1), and the Allowed Priority Tax Claim Holder shall not assess or attempt to collect such accrued interest or penalty from the Debtor, the Plan Administrator or the Debtor's property. The Debtor has estimated the Priority Tax Claims are not more than \$150,000.

2. Classification of Claims and Interests

<b>Class</b>	<b>Status</b>	<b>Estimated Distribution</b>
Class 1 Pershing Setoff Claim	Unimpaired	100%
Class 2 General Unsecured Claims	Impaired	67% - 69% <sup>3</sup>
Class 3 Secured Demand Note Claims	Impaired	6.67%
Class 4 Equity Interests	Impaired	0%

3. Treatment of Claims and Interests

a. Class 1: Pershing Setoff Claims.

Pershing is the only Holder of a Class 1 Pershing Setoff Claim. The Plan provides that on the Effective Date, Pershing shall be permitted to set-off any negative balances in any of the Pershing Accounts against cash held in other Pershing Accounts on a dollar for dollar basis in an amount equal to Pershing's Allowed Class 1 Claims. Pershing shall not be entitled to any other Distribution under the Plan. The Debtor estimates that after such set-off, the cash remaining in the Pershing Accounts will be approximately \$678,000.

Immediately following the setoff as set forth in Article 5.01 of the Plan, Pershing shall (A) turn over to the Debtor the remaining cash in the Pershing Accounts, to be distributed by the Plan Administrator in accordance with the terms of the Plan, (B) deposit the Janine May Sharff Securities into a brokerage account as directed by Janine May Sharff, in accordance with Article 5.02 of the Plan, and (C) deposit the Kristen May Galvin Securities into a brokerage account as directed by Kristen May Galvin, in accordance with Article 5.02 of the Plan.

Class 1 is Unimpaired. Holders of Class 1 Claims are therefore deemed to vote in favor of the Plan.

b. Class 2: General Unsecured Claims.

The Plan provides that Holders of Class 2 General Unsecured Claims will be paid an

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<sup>3</sup> These percentages are estimates and remain subject to change based upon fluctuations in the market values of securities prior to the Effective Date.

Initial Distribution on the Effective Date equal to their pro-rata share (based on percentage of total Class 2 Claims) of all remaining Cash and securities after payment of Administrative Expense Claims and Priority Tax Claims, establishing the Plan Administrator Reserve, the Professional Fee Reserve, the Tax Reserve, and the Secured Demand Note Fund, and after effecting the Pershing Setoff Claim. The distribution to the Mays pursuant to Article 5.02 of the Plan shall be satisfied first by Pershing distributing all Janine May Sharff Securities to Janine May Sharff and all Kristen May Galvin Securities to Kristen May Galvin in accordance with Article 5.01 of the Plan, with the remainder of such distributions, if any, to be in Cash.

The amount of Janine May Scharff's Allowed Class 2 Claim shall be equal to the amount of Cash in the Pershing Accounts ending in 777 (\$288,676.41, as of December 31, 2017) and 908 (\$887,802.81, as of December 31, 2017) on the date of the Initial Distribution, less the face value of her Secured Demand Note (\$125,000.00), plus the value of the Janine May Sharff Securities on the date of an Initial Distribution as ascribed by Pershing (\$1,740,443.86, as of December 31, 2017).

The amount of Kristin May Galvin's Allowed Class 2 Claim shall be equal to the amount of Cash in the Pershing Accounts ending in 874 (\$219,854.37, as of December 31, 2017) and 916 (\$168,462.03, as of December 31, 2017) on the date of the Initial Distribution, less the face value of her Secured Demand Note (\$125,000.00), plus the value of the Kristen May Galvin Securities on the date of an Initial Distribution as ascribed by Pershing (\$802,163.77, as of December 31, 2017).

The amount of Pournaras's Allowed Class 2 Claim shall be equal to the amount of cash in the Pershing Account ending in 940 on the date of the Initial Distribution (\$279,863.23, as of December 31, 2017) less the face value of his Secured Demand Note (\$100,000.00), or approximately \$179,863.23.

The amount of the Murphy Claim shall be \$0.

The amount of DeAngelis's, Ricciardi's and Riccio's respective Allowed Class 2 Claim shall each be \$0.

The only other asserted Class 2 Claim is AT&T Corp. of \$26,704.84 and American Telesis, Inc. of \$34,777.20, which the Debtor is reviewing and fully reserves its right to object to if appropriate.

Holders of Class 2 Claims will be entitled to a Final Distribution in an amount equal to their pro rata share of any Cash remaining in the estate after the liquidation of claims against the estate, and the completion of all other distributions as set in the Plan.

Class 2 is Impaired. Holders of Class 2 Claims are therefore entitled to vote to accept or reject the Plan.

c. Class 3 – Secured Demand Note Claims.

The Plan provides that on the Effective Date, Holders of Class 3 Secured Demand Note Claims will be entitled to a Cash Distribution equal to their pro rata share (based on percentage of total Class 3 Claims) from the Secured Demand Note Fund as part of the Initial Distribution.

The amount of Janine May Sharff's and Kristin May Galvin's respective Allowed Class 3 Claim shall each be \$125,000.

The amount of DeAngelis's Allowed Class 3 Claim shall be \$200,000.

The amount of Pournaras's, Ricciardi's and Riccio's respective Allowed Class 3 Claim shall each be \$100,000.

The Cash distributed to the Holders of Class 3 Claims during the Initial Distribution shall be in full and final satisfaction of such Holders' Secured Demand Note Claims against the Debtor and its estate, provided however, that the Distribution to Holders of Class 3 claims shall not waive or impair the right or ability of Janine May Scharff and/or Kristin May Galvin to pursue claims against Murphy (or his wife) under various guaranty agreements or otherwise, or any rights any other Holders of Class 3 Claims may have against third parties. Holders of Class 3 Claims shall not be entitled to any portion of the Final Distribution unless all other claims are paid in full with interest.

Class 3 is Impaired. Holders of Class 3 Claims are therefore entitled to vote to accept or reject the Plan.

d. Class 4 – Equity Interests.

The Plan provides that Holders of Class 4 Equity Interests will not receive any Distribution under the Plan.

Class 4 is Impaired but will be deemed to have voted to reject the Plan.

e. Cramdown.

If any class of Claims fails to accept the Plan in accordance with § 1126(c) of the Bankruptcy Code, the Bankruptcy Court may confirm the Plan in accordance with § 1126(b) of the Bankruptcy Code on the basis that the Plan is fair and equitable and does not discriminate unfairly with respect to any non-accepting, impaired Class.

## **V. PROVISIONS REGARDING RESOLUTION OF CLAIMS AND GOVERNING DISTRIBUTIONS UNDER THE PLAN**

### **A. Method of Distributions under the Plan.**

1. General Provisions; Undeliverable Distributions. Subject to Bankruptcy Rule 9010 and except as otherwise provided herein, Distributions to the Holders of Allowed Claims shall be made by the Plan Administrator at (a) the address of each Holder as set forth in the Schedules, unless superseded by the address set forth on Proofs of Claim filed by such Holder or

(b) the last known address of such Holder if no Proof of Claim is filed or if the Plan Administrator has been notified in writing of a change of address.

If any Distribution by the Plan Administrator is returned as undeliverable, the Plan Administrator may, in his discretion, make reasonable efforts to determine the current address of the Holder of the Claim with respect to which the Distribution was made as the Plan Administrator deems appropriate, but no Distribution to any such Holder shall be made unless and until the Plan Administrator has determined the then-current address of such Holder, at which time the Distribution to such Holder shall be made to the Holder without interest. Amounts in respect of any undeliverable Distributions made by the Plan Administrator shall be returned to, and held in trust by, the Plan Administrator until the Distributions are claimed or are deemed to be unclaimed property under Section 347(b) of the Bankruptcy Code, as set forth in Article 6.01(c) of the Plan. The Plan Administrator shall have the discretion to determine how to make Distributions in the most efficient and cost-effective manner possible; provided, however, that its discretion may not be exercised in a manner inconsistent with any express requirements of the Plan or the Plan Administrator Agreement. On or about the time that the Final Distribution is made, the Plan Administrator may make a charitable donation with undistributed funds if, in the reasonable judgment of the Plan Administrator, the cost of calculating and making the Final Distribution of the remaining funds is excessive in relation to the benefits to the Holders of Claims who would otherwise be entitled to such Distributions, and such charitable donation is provided to an entity not otherwise related to the Debtor.

2. Minimum Distributions. Notwithstanding anything herein to the contrary, if a Distribution to be made to a Holder of an Allowed Claim would be \$100 or less in the aggregate, no such Distribution will be made to that Holder unless a request therefor is made in writing to the Plan Administrator no later than twenty (20) days after the Effective Date.

3. Unclaimed Property. Except with respect to property not Distributed because it is being held in a Disputed Claim Reserve, Distributions that are not claimed by the later of the expiration of six (6) months from the Effective Date or ninety (90) days after the date of a Distribution shall be deemed to be unclaimed property under Section 347(b) of the Bankruptcy Code and shall vest or revert in the Debtor through the Plan Administrator, and the Claims with respect to which those Distributions are made shall be deemed to be automatically disallowed, expunged, discharged and forever barred without further order of the Bankruptcy Court. Nothing contained in the Plan shall require the Plan Administrator to attempt to locate any Holder of an Allowed Claim. All funds or other property that vests or reverts in the Debtor through the Plan Administrator pursuant to this Article may be distributed by the Plan Administrator to the other Holders of Allowed Claims in accordance with the provisions of the Plan or the Plan Administrator Agreement.

4. Manner of Cash Payments Under the Plan. Cash payments made pursuant to the Plan shall be in United States dollars by checks drawn on a domestic bank selected by the Plan Administrator, or by wire transfer from a domestic bank, at the option of the Plan Administrator.

5. Time Bar to Cash Payments by Check. Checks issued by the Plan Administrator on account of Allowed Claims shall be null and void if not negotiated within 90 days after the date of issuance thereof. Requests for the reissuance of any check that becomes null and void pursuant to this Article 6.01(e) shall be made directly to the Plan Administrator by the Holder of the Allowed Claim to whom the check was originally issued. Any Claim in respect of such voided check shall be made in writing on or before the later of six (6) months from the Effective Date or ninety (90) days after the date of issuance thereof. After that date, all Claims in respect of void checks shall be disallowed, expunged, discharged and forever barred without further order of the Bankruptcy Court and the proceeds of those checks shall revert in the Debtor through Plan Administrator, as unclaimed property in accordance with Section 347(b) of the Bankruptcy Code and be distributed in accordance with the terms of the Plan.

6. Limitations on Funding of Disputed Claim Reserve. Except as expressly set forth in the Plan, the Debtor and the Plan Administrator shall have any duty to fund the Disputed Claim Reserve.

7. Compliance with Tax Requirements. In connection with making Distributions under the Plan, to the extent applicable, the Plan Administrator shall comply with all tax withholding and reporting requirements imposed by any governmental unit, and all Distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. The Plan Administrator may withhold the entire Distribution due to any Holder of an Allowed Claim until such time as such Holder provides the necessary information to comply with any withholding requirements of any governmental unit. Any property so withheld will then be paid by the Plan Administrator to the appropriate authority. If the Holder of an Allowed Claim fails to provide the information necessary to comply with any withholding requirements of any governmental unit within six months from the date of first notification to the Holder of the need for such information or for the Cash necessary to comply with any applicable withholding requirements, then such Holder's Distribution shall be treated as an undeliverable Distribution in accordance with Article 6.01(a) of the Plan.

8. No Payments of Fractional Dollars. Notwithstanding any other provision of the Plan to the contrary, no payment of fractional dollars shall be made pursuant to the Plan. Whenever any payment of a fraction of a dollar under the Plan would otherwise be required, the actual Distribution made shall reflect a rounding down of such fraction to the nearest whole dollar.

9. Setoff and Recoupment. Except with respect to claims that are allowed pursuant to Articles 5.02 and 5.03 of the Plan, the Plan Administrator may, but shall not be required to, set-off against, or recoup from, any Claim and the Distributions to be made pursuant to the Plan in respect thereof, any claims or defenses of any nature whatsoever that the Debtor or the Estate may have against the Holder of such Claim, but neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver or release by the Debtor or the Estate of any right of set-off or recoupment that any of them may have against the Holder of any Claim.

**B. Objections to Claims.**

After the Effective Date, Objections to Claims may be made, and Objections to Claims made previous thereto shall be pursued, only by the Plan Administrator. The deadline for the Plan Administrator to file Objections to Claims shall be the Claims Objection Bar Date, subject to extension by motion to the Bankruptcy Court.

After the Effective Date, the Plan Administrator may settle any Disputed Claims without notice and a hearing (provided however that the Plan Administrator shall not be entitled to settle any claim by or with Murphy, or any relative, affiliate, or representative thereof, except upon notice and a hearing or upon written consent of the Mays).

**C. Disputed Claim Reserve.**

1. The Plan Administrator shall reserve for each Disputed Claim at the Maximum Amount. On the date of any Distribution, the Plan Administrator shall deposit into the Disputed Claim Reserve Cash equal to the amount that would be distributable to all Holders of Disputed Claims in respect of all Distributions made on that date, if such Disputed Claims were Allowed in the respective Maximum Amounts. The Plan Administrator shall maintain the Disputed Claim Reserve in a segregated account and shall keep records as to the applicable amounts reserved in respect of each Disputed Claim.

2. In the event any Disputed Claim becomes an Allowed Claim, as soon as practicable after the date of allowance, the Plan Administrator shall distribute to the Holder of such Allowed Claim from the Disputed Claim Reserve the aggregate amount of Cash that such Holder would have received through the date of such Distribution in respect of such Disputed Claim as if such Claim had been an Allowed Claim as of the Effective Date.

3. From time to time as Disputed Claims are Disallowed or Allowed in amounts less than their respective Maximum Amounts, the Cash deposited in the Disputed Claims Reserve that otherwise would have been distributed to the Holders of such Disputed Claims if such Disputed Claims had become Allowed in their respective Maximum Amounts shall be released from and no longer held in the Disputed Claims Reserve and shall be distributed to the extent required in accordance with the Plan.

**D. Claims Estimation.**

The Plan Administrator may at any time request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to Section 502(c) of the Bankruptcy Code, regardless of whether the Plan Administrator previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time concerning any objection to any Claim, including during the pendency of any appeal relating to any such Objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the

Plan Administrator may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism pursuant to the Plan or approved by the Bankruptcy Court.

**E. Disallowance of Claims.**

Except as otherwise agreed in writing, any and all proofs of Claim filed after the General Bar Date or the Governmental Bar Date, as applicable, shall be deemed Disallowed and expunged as of the Effective Date without any further notice or action, order or approval of the Bankruptcy Court, and Holders of such Claims may not receive any Distributions on account of such Claims, unless on or before the Confirmation Date the Bankruptcy Court has entered an order deeming such Claim to be timely filed.

Any Claims held by Entities from which property is recoverable under Section 542, 543, 550 or 553 of the Bankruptcy Code or that is a transferee of a transfer avoidable under Section 522(f), 522(h), 544, 545, 547, 548, 549 or 724(a) of the Bankruptcy Code, provided that such Cause of Action is a Retained Cause of Action, shall be deemed Disallowed pursuant to Section 502(d) of the Bankruptcy Code, and Holders of such Claims may not receive any Distributions on account of such Claims until such time as such Causes of Action against that Entity have been settled or a Bankruptcy Court order with respect thereto has been entered and all sums due, if any, to the Debtor by that Entity have been turned over or paid to the Debtor or the Estate through the Plan Administrator. The Debtor does not believe at the time of filing the Plan that any such claims exist against Holders of Claims anticipated to receive Distributions under the Plan.

**F. Adjustment Without Objection.**

Any Claim or Equity Interest that has been paid or satisfied, or any Claim or Equity Interest that has been amended, superseded or Disallowed by Final Order, may be adjusted or expunged on the Claims Register at the direction of the Plan Administrator, as applicable, without an Objection having to be filed and without any further notice, action, order or approval of the Bankruptcy Court.

**VI. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

**A. Assumption or Rejection of Executory Contracts and Unexpired Leases.**

Pursuant to §§ 365(a) and 1123(b)(2) of the Bankruptcy Code, all Executory Contracts and Unexpired Leases that exist between the Debtor and any party that have not been previously assumed pursuant to any order of the Bankruptcy Court shall be deemed rejected on the Effective Date. The Confirmation Order will constitute an order of the Bankruptcy Court approving such rejections pursuant to §§ 365 and 1123 of the Bankruptcy Code as of the Effective Date.

**B. Claims Based on Rejection of Executory Contracts or Unexpired Leases.**

Claims created by the rejection of executory contracts and unexpired leases pursuant to Article 7.01 of the Plan, must be filed with the Bankruptcy Court and served on the Plan Administrator no later than thirty (30) days after the Effective Date. Any Claim arising from the rejection of an executory contract or unexpired lease pursuant to Article 7.01 of the Plan for which a Proof of Claim is not timely filed within that time period shall be forever barred from assertion against the Debtor, its Estate, its successors and assigns, or its assets and properties, unless otherwise ordered by the Bankruptcy Court or as otherwise provided herein. Unless otherwise ordered by the Bankruptcy Court, all such Claims that are timely filed as provided herein shall be treated as Class 2 - General Unsecured Claims under the Plan and shall be subject to the provisions of Article V of the Plan.

**C. Post-Petition Contracts and Leases.**

Contracts and leases entered into after the Petition Date by the Debtor may be performed by the Plan Administrator in the ordinary course of business and in accordance with the terms thereof. The Debtor does not believe that any such contracts or leases exist.

**VII. MEANS FOR IMPLEMENTATION AND EFFECT OF CONFIRMATION OF PLAN**

**A. Plan Administrator.**

1. Plan Administrator Agreement. The Plan Administrator Agreement shall be executed and delivered by the Debtor and the Plan Administrator.

2. Appointment. As of the Effective Date, in addition to any other powers described in the Plan, the powers and duties of the Plan Administrator shall consist of the following:

- a. To make Distributions on account of all Allowed Administrative Expense Claims, Allowed Professional Fees, Allowed Class 2 Claims, and Allowed Class 3 Claims, consistent with the terms of the Plan;
- b. To retain persons and professionals to assist in carrying out the powers and duties enumerated pursuant to the Plan and/or Plan Administrator Agreement;
- c. To enter into contracts as necessary to assist in carrying out the powers and duties enumerated pursuant to the Plan and/or Plan Administrator Agreement;
- d. To pay expenses incurred in carrying out the powers and duties enumerated in pursuant to the Plan and/or Plan Administrator Agreement, including professional fees incurred after the Effective Date;
- e. To open and maintain bank accounts and deposit funds and draw checks and make disbursements in accordance with the Plan and/or Plan Administrator Agreement;

- f. To effectuate any of the applicable provisions in the Plan and the Plan Administrator Agreement; and
- g. At the appropriate time, to ask the Bankruptcy Court to enter the final decree.

**B. Vesting of Assets.**

Except as otherwise provided in the Plan, on the Effective Date, all property comprising the Estate (including Causes of Action, but excluding property that has been abandoned pursuant to an order of the Bankruptcy Court) shall remain vested in the Debtor through the Plan Administrator as of the Effective Date, free and clear of all Claims, Liens, and interests. As of and following the Effective Date, the Plan Administrator may settle and compromise Claims, Interests, or Causes of Action without supervision of the Bankruptcy Court, free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or the Confirmation Order.

**C. Plan Administrator Reserve.**

As of the Effective Date, the Plan Administrator shall create a reserve account in the amount of Forty Thousand Dollars (\$40,000) prior to making the Initial Distribution, from which the Plan Administrator shall pay the costs of winding up the affairs of the Debtor, including without limitation, the Plan Administrator's fees, costs and expenses, and the fees of any professionals retained by the Plan Administrator to assist him in performing his remaining duties.

**D. Professional Fee Reserve.**

As of the Effective Date, the Plan Administrator shall create a reserve account in the amount of Two Hundred Twenty-Five Thousand Dollars (\$225,000) prior to making the Initial Distribution, from which the Plan Administrator shall pay Allowed Professional Fees which accrued prior to the Effective Date but were not paid as of the Effective Date. If after all Allowed Professional Fees are paid in full, any funds remain in the Professional Fee Reserve, such funds shall revert to the general Estate and shall be distributed in accordance with the terms of the Plan.

**E. Tax Reserve.**

As of the Effective Date, to the extent the Priority Tax Claim filed by New York State, or expected to be filed by New York State, has not been liquidated and Allowed, the Plan Administrator shall create a reserve account in the amount of One Hundred Fifty Thousand Dollars (\$150,000) prior to making the Initial Distribution. At such time as the Priority Tax Claim of New York State becomes an Allowed Claim, the Plan Administrator shall make a Distribution from the Tax Reserve in accordance with the terms of Article 3.04 of the Plan. If after all the Allowed amount of New York State's Priority Tax Claim is paid in full, any funds remain in the Tax Reserve, such funds shall revert to the general Estate and shall be distributed by the Plan Administrator in accordance with the terms of this Plan.

**F. Secured Demand Note Fund.**

As of the Effective Date, the Plan Administrator shall create segregate \$50,000 of Cash to create the Secured Demand Note Funds, from which the Plan Administrator shall make Distributions to Holders of Class 3 Claims in accordance with the terms of Article 5.03 of the Plan.

**G. Liquidation of May Securities.**

If agreed by each of the Mays, some or all of the May Securities will be liquidated by the Debtor or Plan Administrator in the most expeditious manner possible while maximizing value, with the proceeds of such liquidation placed in a segregated account for the benefit of the Mays in accordance with Sections 5.01 and 5.02 of the Plan. Unless agreed to the contrary by the Mays, such proceeds shall be deemed to part of the Kristen May Galvin Securities, or part of the Janine May Sharff Securities, respectively, and shall be distributed to the Mays pursuant to Article 5.02 of the Plan.

**H. Corporate Existence of the Debtor.**

As of the Effective Date, the Debtor shall maintain its good standing as a general partnership under the laws of the state of its formation until and unless appropriate documents are filed dissolving the Debtor following consummation of the Plan. The Plan Administrator will take all reasonable and necessary steps to dissolve the Debtor upon the filing and acceptance of all necessary tax returns and the completion of all obligations of the Debtor under this Plan.

**I. Insurance Preservation.**

On the Effective Date, the Plan Administrator shall assume all insurance policies issued or providing coverage at any time to the Debtor, its Affiliates or predecessors of any of the foregoing and all agreements related thereto, as may be amended or modified. Nothing in the Plan, the Disclosure Statement, the Confirmation Order or otherwise shall diminish or impair the validity or enforceability of any insurance policies that may cover or backstop Claims against the Debtor or its employees, officers, directors, members, shareholders, or any other Person.

**J. Preservation of Setoff Rights.**

On and after the Effective Date, rights of set-off pursuant to Bankruptcy Code § 553 shall be preserved. After the Effective Date, such set-off may be exercised pursuant to agreement of the Plan Administrator, on the one hand, and the affected Creditor, on the other hand. Any disputes regarding the right of set-off shall be determined upon motion before the Bankruptcy Court.

**VIII. EFFECTIVENESS OF THE PLAN**

**A. Conditions Precedent to Confirmation.**

The following conditions must be satisfied on or before the Confirmation Date:

- The Court shall have entered the Disclosure Statement Order; and
- The entry of the Confirmation Order shall be in form and substance reasonably satisfactory to the Debtor and shall contain provisions that, among other things: (i) authorize the implementation of the Plan in accordance with its terms; (ii) approve in all respects the other settlements, transactions, and agreements to be effected pursuant to the Plan; and (iii) find that the Plan complies with all applicable provisions of the Bankruptcy Code, including that the Plan was proposed in good faith and that the Confirmation Order was not procured by fraud.

**B. Conditions Precedent to Effectiveness.**

1. The Plan shall not become effective unless and until the following have been satisfied:

- i. The Confirmation Order has become a Final Order;
- ii. The Plan Administrator Agreement shall have been entered into; and
- iii. There shall be no stay or injunction in effect with respect to the Confirmation Order.

2. Notwithstanding the foregoing, the Debtor reserves, in its sole discretion, the right to waive the occurrence of any condition precedent to the Effective Date or to modify any of the foregoing conditions precedent. Any such written waiver of a condition precedent set forth in this Article may be effected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to consummate the Plan. Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action.

3. Simultaneous Transactions. Except as otherwise expressly set forth in the Plan, the Confirmation Order or a written agreement by the Debtor, each action to be taken on the Effective Date shall be deemed to occur simultaneously as part of a single transaction.

**IX. RELEASE, INJUNCTIONS AND RELATED PROVISIONS**

**A. Compromise and Settlement.**

Pursuant to Section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the Distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all Claims, as well as a finding by the Bankruptcy Court that such compromise or

settlement is fair, equitable, reasonable and in the best interests of the Debtor, the Estate and Holders of Claims.

**B. Releases by the Debtor.**

**1. Notwithstanding anything contained in the Plan to the contrary, as of the Effective Date, for the good and valuable consideration provided by each of the Releasees, including, without limitation the satisfaction and elimination of debt and all other good and valuable consideration paid pursuant to the Plan or otherwise, the Debtor hereby provides a full release, waiver and discharge to the Releasees (and each such Releasee so released shall be deemed released and discharged by the Debtor) from any and all Causes of Action and any other debts, obligations, rights, suits, damages, actions, remedies and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing as of the Effective Date or thereafter arising, in law, equity or otherwise, whether for tort, contract, violations of federal or state securities laws, or otherwise, based in whole or in part upon any act or omission, transaction, or other occurrence or circumstances existing or taking place during the period of the Petition Date through the Effective Date in any way related to the Debtor's Chapter 11 Case, including, without limitation, those that the Debtor would have been legally entitled to assert or that any Holder of a Claim or other Entity would have been legally entitled to assert for or on behalf of any of the Debtor or Estate and further including those in any way related to the Chapter 11 Case or the Plan; provided, however, that the foregoing provisions of this Article 10.02 shall have no effect on the liability of any Releasee that results from any act or omission that is determined in a Final Order to have constituted fraud, gross negligence or willful misconduct; provided further that nothing contained in this Article 10.02, or anything else in this Plan, shall be or shall be deemed a release or compromise of any liability of the Debtor's general partner.**

**2. Exculpation and Limitation of Liability. Notwithstanding anything contained in the Plan to the contrary, the Exculpated Parties shall neither have, nor incur any liability to any Entity for any Exculpated Claim; provided, however, that the foregoing "exculpation" shall have no effect on the liability of any Entity that results from any such act or omission that is determined in a Final Order to have constituted fraud, gross negligence or willful misconduct.**

For the avoidance of doubt, nothing in the Plan does or shall be deemed to release the general partner of the Debtor from his or its obligations for the debts of the Debtor, and nothing in the Plan to the contrary shall release, waive, or otherwise impair the rights and claims of Cary May, Janine May Scharff or Kristin May Galvin against Murphy or other third parties that may be responsible for payment of their respective Claims against the Debtor under certain guaranties or otherwise.

**C. Entry of Confirmation Order.**

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the releases set forth in Article 10.02, 10.03 and 10.04 of the Plan pursuant to Bankruptcy Rule 9019 and its finding that they are: (a) in exchange for good and valuable consideration, representing a good faith settlement and compromise of the Claims and Causes of Action thereby released; (b)

in the best interests of the Debtor and all Holders of Claims; (c) fair, equitable and reasonable; (d) approved after due notice and opportunity for hearing; and (e) a bar to the Debtor.

**D. Injunction.**

Except as otherwise expressly provided for in the Plan or in obligations issued pursuant to the Plan, all Parties and Entities are permanently enjoined, on and after the Effective Date, on account of any Claim satisfied and released hereby, from:

- i. commencing or continuing in any manner any action or other proceeding of any kind against the Debtor, its successors and assigns, and any of its assets and properties;
- ii. enforcing, attaching, collecting or recovering by any manner or means any judgment, award, decree or order against the Debtor, its successors and assigns, and any of its assets and properties;
- iii. creating, perfecting or enforcing any encumbrance of any kind against the Debtor, its successors and assigns, and any of its assets and properties; or
- iv. asserting any right of set-off or subrogation of any kind against any obligation due from the Debtor, or its successors and assigns, or against any of its assets and properties, except to the extent a right to set-off or subrogation is asserted with respect to a timely filed proof of claim or is otherwise permitted by the terms of the Plan.

From and after the Effective Date, all Releasing Parties are permanently enjoined from commencing or continuing in any manner against the Releasees, their successors and assigns, and any of their assets and properties, any suit, action or other proceeding, on account of or respecting any claim, demand, liability, obligation, debt, right, cause of action, interest or remedy released or to be released pursuant to the Plan or the Confirmation Order.

**E. Releases of Liens.**

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document created pursuant to the Plan, on the Effective Date, all mortgages, deeds of trust, liens, pledges or other security interests against property of the Estate shall be fully released and discharged and all of the right, title and interest of any holder of such mortgages, deeds of trust, liens, pledges or other security interest shall revert to the Debtor through the Plan Administrator.

**F. Abandonment of Causes of Action.**

1. Abandonment of Causes of Action.

Except as otherwise provided in the Plan or Confirmation Order, in accordance with Section 1123(b)(3) of the Bankruptcy Code, any Abandoned Causes of Action that the Debtor may hold against any Entity shall be abandoned by the Debtor upon the Effective Date, except to the extent required to be used defensively in connection with an Objection to any Claim or in defense of an Causes of Action asserted against the Debtor or Released Parties. Abandoned Causes of Action include, but are not limited to, (i) preference, fraudulent transfer and other avoidance claims pursuant to chapter 5 of the Bankruptcy Code and state law counterparts and (ii) state and common law claims for breach of fiduciary duty, as against former directors or officers of the Debtor for action or inactions occurring prior to the Petition Date. These claims shall be abandoned.

## **X. RETENTION OF JURISDICTION**

### **A. Bankruptcy Court Jurisdiction.**

The Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of and related to the Chapter 11 Case and the Plan pursuant to, and for the purposes of, §§ 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

1. allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Equity Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of Claims or Equity Interests;
2. grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before the Effective Date;
3. resolve any matters related to the assumption, assignment or rejection of any executory contract or unexpired lease to which the Debtor is party or with respect to which the Debtor may be liable and to hear, determine and, if necessary, liquidate any Claims arising therefrom, including those matters related to any amendment to the Plan after the Effective Date pursuant to Article 12.05 of the Plan, adding executory contracts or unexpired leases to the list of executory contracts and unexpired leases to be assumed;
4. ensure that Distributions to Holders of Allowed Claims and Allowed Equity Interests are accomplished pursuant to the provisions of the Plan;
5. decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters, including, without limitation, Retained Causes of Action, and grant or deny any applications involving the Debtor that may be pending on the Effective Date or instituted by the Plan Administrator after the Effective Date, provided, however, that the Plan Administrator shall reserve the right to commence actions in all appropriate jurisdictions;
6. enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all other contracts, instruments, releases, indentures and other agreements or documents adopted in connection with the Plan, Plan Supplement or the Disclosure Statement;

7. resolve any cases, controversies, suits or disputes that may arise in connection with the Effective Date, interpretation or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

8. issue and enforce injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with the Effective Date or enforcement of the Plan, except as otherwise provided in the Plan;

9. resolve any cases, controversies, suits or disputes with respect to the releases, injunction and other provisions contained in Article X, and enter such orders as may be necessary or appropriate to implement or enforce all such releases, injunctions and other provisions;

10. enter and implement such orders as necessary or appropriate if the Confirmation Order is modified, stayed, reversed, revoked or vacated;

11. resolve any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, the Plan Administrator Agreement or any contract, instrument, release, indenture or other agreement or document adopted or executed in connection with the Plan or the Disclosure Statement; and

12. enter an order and/or the decree contemplated in Fed. R. Bankr. P. 3022 closing the Chapter 11 Case.

## **XI. MISCELLANEOUS PROVISIONS**

### **A. Effectuating Documents and Further Transactions.**

The Plan Administrator is authorized to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan and any notes or securities pursuant to the Plan.

### **B. Aid in Implementation of Plan.**

The Bankruptcy Court may direct the Debtor through the Plan Administrator and any other necessary party to execute or deliver or to join the execution or delivery of any instrument required to effect the Plan, and to perform any other act necessary to consummate the Plan.

### **C. Post-Effective Date Fees and Expenses.**

From and after the Effective Date, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, the reasonable fees and expenses of professional persons incurred after the Effective Date by the Debtor through the Plan Administrator shall be paid by the Plan Administrator from the Plan Administrator Reserve, including, without limitation, those fees and expenses incurred in connection with the implementation and consummation of the Plan.

**D. Post-Effective Date Statutory Fees.**

All fees payable pursuant to § 1930 of Title 28 of the United States Code incurred after the Effective Date shall be paid by the Plan Administrator from the Plan Administrator Reserve in accordance with applicable law. The Plan Administrator shall submit post-confirmation reports in compliance with applicable law.

**E. Amendment or Modification of the Plan.**

Alterations, amendments or modifications of the Plan may be proposed in writing by the Debtor at any time before the Confirmation Date, provided that the Plan, as altered, amended or modified, satisfies the conditions of §§ 1122 and 1123 of the Bankruptcy Code, and the Debtor shall have complied with § 1125 of the Bankruptcy Code. The Plan may be altered, amended or modified at any time after the Confirmation Date and before substantial consummation, provided that the Plan as altered, amended, or modified satisfies the requirements of §§ 1122 and 1123 of the Bankruptcy Code, and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as altered, amended or modified, under § 1129 of the Bankruptcy Code and the circumstances warrant such alterations, amendments or modifications. A Holder of a Claim or Equity Interest that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim or Equity Interest of such Holder.

**F. Severability.**

In the event that the Bankruptcy Court determines, before the Confirmation Date, that any provision in the Plan is invalid, void or unenforceable, such provision shall be invalid, void or unenforceable with respect to the Holder or Holders of such Claims or Equity Interests as to which the provision is determined to be invalid, void or unenforceable. The invalidity, voidness, or unenforceability of any such provision shall not limit or affect the enforceability and operative effect of any other provision of the Plan.

**G. Revocation or Withdrawal of the Plan.**

The Debtor shall have the right to revoke or withdraw the Plan before the Confirmation Date. If the Debtor revokes or withdraws the Plan before the Confirmation Date, then the Plan shall be deemed null and void. In such event, nothing contained herein shall constitute or be deemed a waiver or release of any Claims by or against the Debtor or any other person or to prejudice in any manner the rights of the Debtor or any person in any further proceedings involving the Debtor.

**H. Allocation of Plan Distributions Between Principal and Interest.**

To the extent that any Allowed Claim entitled to a Distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution shall, for federal income tax purposes, be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

**I. Binding Effect.**

The Plan shall be binding upon and inure to the benefit of the Debtor and the Holders of Claims and Equity Interests and their respective successors and assigns.

**J. Reservation of Rights.**

Except as expressly set forth herein, the Plan shall have no force or effect unless and until the Bankruptcy Court enters the Confirmation Order. Neither the filing of the Plan, any statement or provision contained herein, nor the taking of any action by the Debtor or any Entity with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of: (1) the Debtor with respect to the Holders of Claims or Equity Interests or other parties in interest; or (2) any Holder of a Claim or other party in interest prior to the Effective Date.

**K. Section 1146 Exemption.**

Pursuant to Section 1146(a) of the Bankruptcy Code, any issuance, transfer, or exchange of a security, or the making or delivery of an instrument of transfer pursuant hereto shall not be taxed under any law imposing any stamp tax or other similar tax or governmental assessment in the United States, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such tax or governmental assessment.

**L. Section 1125(e) Good Faith Compliance.**

The Debtor and its Representatives, shall be deemed to have acted in “good faith” under Section 1125(e) of the Bankruptcy Code.

**M. Successors and Assigns.**

The rights, benefits and obligations of any Entity named or referred to herein shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Entity.

**N. Preservation of Records.**

The Plan Administrator shall preserve for the benefit of the Estate, all documents and files, including electronic data hosted on remote servers that are necessary to the prosecution of the Retained Causes of Action and claims resolution process (the “Retained Information”). After the Effective Date, the Plan Administrator shall preserve the Retained Information until the date that is one (1) year following the closing of the Chapter 11 Case. On the Effective Date, the Plan Administrator shall be permitted to abandon (with or without destruction), any information that is not Retained Information.

**O. Notices.**

To be effective, all notices, requests and demands to or upon the Debtor and Plan Administrator shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by electronic mail, when received, addressed as follows:

*If to the Plan Administrator:*

Joshua Rizack The Rising Group Consulting, Inc. 606 Post Road East, 614 Westport, CT 06880 Email: jrizack@therisinggroup.com	With a copy to:	Klestadt Winters Jureller Southard & Stevens, LLP 200 West 41 <sup>st</sup> Street, 17 <sup>th</sup> Floor New York, NY 10036 Tel: (212) 972-3000 Attn: Fred Stevens Brendan M. Scott Email: fstevens@klestadt.com bscott@klestadt.com
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*If to the Debtor:*

Murphy & Durieu, L.P. c/o The Rising Group 606 Post Road East, 614 Westport, CT 06880 Email: jrizack@therisinggroup.com	With a copy to:	Klestadt Winters Jureller Southard & Stevens, LLP 200 West 41 <sup>st</sup> Street, 17 <sup>th</sup> Floor New York, NY 10036 Tel: (212) 972-3000 Attn: Fred Stevens Brendan M. Scott Email: fstevens@klestadt.com bscott@klestadt.com
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**P. Governing Law.**

Except to the extent the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure or other federal law is applicable, or to the extent the Plan provides otherwise, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York without giving effect to the principles of conflicts of law of such jurisdiction.

**XII. RISK FACTORS**

As with any plan or other financial transaction, there are certain risk factors which must be considered. It should be noted that all risk factors cannot be anticipated, that some events will develop in ways that were not foreseen and that many or all of the assumptions that have been used in connection with this Disclosure Statement and the Plan will not be realized exactly as assumed. Some or all of such variations may be material. While every effort has been made to

be reasonable in this regard, there can be no assurance that subsequent events will bear out the analysis set forth herein. Not all possible risks can be, or are discussed in this Disclosure Statement. Under the Plan, some of the principal risks that Holders of Claims should be aware of, in the Debtor's view, are as follows:

**A. Dilution of Distribution Based on Allowed Claims**

No final determination has been made as to which Claims will be Disputed Claims, and it is possible that the number of Disputed Claims may be material and that the amounts allowed in respect of such Disputed Claims may be materially in excess of the estimates of Allowed Claims used to develop the Plan and this Disclosure Statement. The Holders of Allowed Claims are subject to the risk of dilution if the amount of actual Allowed Claims exceeds such estimates. Accordingly, Distributions to the Holders of Allowed Claims are at risk of being adversely affected by the total amount of Allowed Claims.

**B. Litigation Expenses**

To the extent the Plan Administrator pursues the Retained Causes of Action, litigation expenses could be substantial, which could affect Distributions on account of Allowed General Unsecured Claims.

**XIII. LIQUIDATION ALTERNATIVE AND POTENTIAL PLAN RECOVERY**

An alternative to confirmation of the Plan would be liquidation and distribution of the Debtor's assets by a trustee appointed in a case under Chapter 7 of the Bankruptcy Code. The Chapter 7 Trustee would make all of his or her own decisions with respect to the liquidation of the Estate, the hiring of professionals, the pursuit of any claims or litigation, and the payment or objection to Claims. A Chapter 7 trustee and his professionals at this stage would unnecessarily duplicate much of the work already done by the Debtor, at additional expense. As a general matter, distributions in Chapter 7 cases are not made until all issues have been resolved and the trustee's final report is approved. If the Chapter 11 Case was converted to Chapter 7, commencement of Distributions would likely be delayed with no commensurate benefit. Conversion to Chapter 7 would result in the Bankruptcy Court setting a new claims bar date opening up the possibility of additional claims being filed and ensuring further delay in Distribution to Creditors. Attached hereto as Exhibit B is a Liquidation Analysis that demonstrates that there would be less value distributable to Creditors if the Chapter 11 Case was converted to a case under Chapter 7 of the Bankruptcy Code.

Dated: New York, New York  
January 24, 2018

Murphy & Durieu, L.P.

Debtor and Debtor-in-Possession

By: /s/ Joshua Rizack  
Joshua Rizack, Chief Restructuring  
Officer

APPROVED AS TO FORM:

**KLESTADT WINTERS JURELLER  
SOUTHARD & STEVENS, LLP**

By: /s/ Fred Stevens

Fred Stevens  
Brendan M. Scott  
Stephanie R. Sweeney  
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New York, New York 10036-7203  
Telephone: (212) 972-3000  
Facsimile: (212) 972-2245

*Counsel for the Debtor and  
Debtor in Possession*

**Exhibit A**

**Debtor's Plan of Liquidation**

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X  
In re :  
 : Chapter 11  
MURPHY & DURIEU, L.P., :  
 :  
 : Case No. 17-22730 (RDD)  
Debtor. :  
-----X

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DEBTOR'S PLAN OF LIQUIDATION

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Dated: January 24, 2018

**KLESTADT WINTERS JURELLER  
SOUTHARD & STEVENS, LLP**  
200 West 41<sup>st</sup> Street, 17<sup>th</sup> Floor  
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## **ARTICLE I** **INTRODUCTION**

Pursuant to Title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”), Murphy & Durieu, L.P. (the “Debtor”) proposes the following Plan of Liquidation (the “Plan”).

The Plan is a liquidating plan. In other words, the Plan proposed by the Debtor provides for the liquidation or abandonment of any assets or claims of the Debtor and the distribution of funds to the Debtor’s creditors. Reference is made to the Disclosure Statement for Debtor’s Plan of Liquidation, dated January 24, 2018 (together with all exhibits attached thereto or referenced therein, as the same may be amended, modified or supplemented the “Disclosure Statement”) for a discussion of the Debtor’s history, business, assets and liabilities, and for a summary and analysis of the Plan.

## **ARTICLE II** **DEFINITIONS, RULES OF INTERPRETATION, COMPUTATION OF TIME**

2.01 **Definitions.** As used herein, the following terms have the respective meanings specified below, unless the context otherwise requires:

“**Administrative Expense Claim**” means any right to payment constituting a cost or expense of the Chapter 11 Case under §§ 503(b), 507(a)(2), or 1114(e)(2) of the Bankruptcy Code, including, without limitation, any actual and necessary costs and expenses of preserving the Estate, any actual and necessary costs and expenses of liquidating the business and assets of the Debtor, any indebtedness or obligations incurred or assumed by the Debtor in connection with the conduct of its business or liquidation of its assets, any Professional Fees approved by order of the Bankruptcy Court, and any fees or charges assessed against the Estate under § 1930 of Title 28 of the United States Code.

“**Administrative Expense Claim Bar Date**” shall have the meaning set forth in § 3.01 of this Plan.

“**Affiliate**” has the meaning set forth in § 101(2) of the Bankruptcy Code.

“**Allowed**” means, with respect to any Claim, the Claim or portion thereof that is not a Disputed Claim or Disallowed Claim: (a) for which a Proof of Claim was timely filed with the Bankruptcy Court, and as to which no Objection is interposed; (b) for which no Proof of Claim thereof was filed, to the extent that such Claim has been listed by the Debtor in its Schedules as liquidated in amount and not disputed or contingent as to liability, and as to which no Objection is interposed; (c) which arises from the recovery of property under §§ 550 or 553 of the Bankruptcy Code and is allowed in accordance with § 502(h) of the Bankruptcy Code; (d) which is allowed under the Plan; or (e) which is allowed by a Final Order.

“**Applicable Federal Rate**” means that mid-term adjusted federal long-term rate published by the Internal Revenue Service under Section 382 of the Internal Revenue Code for August 2017 of 1.45% per annum.

“**Avoidance Claims**” means any and all rights, claims, causes of action or rights to avoid any transfer or incurrence of debt that may be asserted or recovered by the Debtor in its capacity as debtor-in-possession pursuant to Chapter 5 of the Bankruptcy Code.

“**Bankruptcy Code**” means title 11 of the United States Code, and applicable portions of titles 18 and 28 of the United States Code.

“**Bankruptcy Court**” means the United States Bankruptcy Court for the Southern District of New York.

“**Bankruptcy Rules**” means the Federal Rules of Bankruptcy Procedure, promulgated under 28 U.S.C. § 2075, the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Southern District of New York, the Local Rules of Civil Practice and Procedure of the United States District Court for the Southern District of New York, and general orders and chambers procedures of the Bankruptcy Court, each as applicable to the Chapter 11 Case and as amended from time to time.

“**Business Day**” means any day other than a Saturday, Sunday or any legal holiday under federal law or the law of the State of New York.

“**Cash**” means legal tender of the United States of America and equivalents thereof.

“**Causes of Action**” means all claims, actions, causes of action, choses in action, Avoidance Claims, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, remedies, rights of set-off, third-party claims, subrogation claims, contribution claims, reimbursement claims, indemnity claims, counterclaims and crossclaims of the Debtor, and/or its Estate that are or may be pending on the Effective Date or instituted by the Plan Administrator after the Effective Date against any entity, based in law or equity, whether direct, indirect, derivative or otherwise and whether asserted or unasserted as of the Effective Date.

“**Chapter 11 Case**” or “**Case**” means the Debtor’s case under Chapter 11 of the Bankruptcy Code, Case No. 17-22730 (RDD) on the docket of the Bankruptcy Court.

“**Claim**” has the meaning set forth in § 101(5) of the Bankruptcy Code.

“**Claims Objection Bar Date**” means the bar date for objecting to proofs of claim, which shall be one-hundred eighty (180) days after the Effective Date; *provided, however*, that the Plan Administrator may seek by motion one or more additional extensions of this date from the Bankruptcy Court.

“**Collateral**” means any property or interest in property of the Debtor’s Estate subject to a Lien, charge, or other encumbrance to secure the payment or performance of a Claim, which Lien, charge, or other encumbrance is not subject to avoidance under the Bankruptcy Code.

“**Confirmation Date**” means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order.

“**Confirmation Order**” means the order of the Bankruptcy Court confirming this Plan pursuant to § 1129 of the Bankruptcy Code.

“**Creditor**” has the meaning ascribed to such term in § 101(10) of the Bankruptcy Code.

“**DeAngelo**” mean Louis DeAngelo, a holder of a Secured Demand Note.

“**Debtor**” has the meaning set forth in Article I of this Plan.

“**Disallowed**” means, when referring to a Claim, a Claim or any portion thereof, that (a) has been disallowed or expunged, in whole or in part, by a Final Order; (b) has been withdrawn by agreement between the Debtor and the Holder thereof, in whole or in part; (c) has been withdrawn, in whole or in part, by the Holder thereof; (d) is listed in the Schedules as zero or as disputed, contingent or unliquidated and in respect of which a Proof of Claim has not been timely filed or deemed timely filed pursuant to the Plan, the Bankruptcy Code or any Final Order of the Bankruptcy Court; (e) has been reclassified, expunged, subordinated or estimated to the extent that such reclassification, expungement, subordination or estimation results in a reduction in the filed amount of any Proof of Claim; or (f) is evidenced by a Proof of Claim which has been filed, or which has been deemed to be filed under applicable law or order of the Bankruptcy Court or which is required to be filed by order of the Bankruptcy Court, but as to which such Proof of Claim was not timely or properly filed. In each case a Disallowed Claim is disallowed only to the extent of disallowance, withdrawal, reclassification, expungement, subordination or estimation.

“**Disclosure Statement**” means the written disclosure statement or any supplements thereto (including the Plan Supplement and all schedules thereto or referenced therein) that relates to this Plan, as such disclosure statement may be amended, modified, or supplemented from time to time, all as approved by an order of the Bankruptcy Court pursuant to §§ 1125 and 1127 of the Bankruptcy Code and Bankruptcy Rule 3017.

“**Disclosure Statement Order**” means the Order entered by the Bankruptcy Court approving the Disclosure Statement as containing, among other things, “adequate information” as required by Section 1125 of the Bankruptcy Code and solicitation procedures related thereto.

“**Disputed**” means, with respect to any Claim or Equity Interest, any Claim or Equity Interest: (a) listed on the Schedules as unliquidated, disputed or contingent, unless a proof of Claim has been timely filed; (b) as to which a Debtor has interposed a timely objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules; or (c) as otherwise disputed by a Debtor in accordance with applicable law, which objection, request for estimation or dispute has not been withdrawn or determined by a Final Order.

“**Disputed Claim Reserve**” means the reserve funds created pursuant to Article 6.03 of the Plan.

“**Distribution**” means any payment of Cash called for under the Plan.

“**Effective Date**” means the first day after the conditions to effectiveness of the Plan provided in Article 9.02 hereof have been satisfied.

“**Entity**” has the meaning ascribed to such term in § 101(15) of the Bankruptcy Code.

“**Equity Interests**” means any ownership interests in and with respect to the Debtor.

“**Estate**” means the bankruptcy estate in this Chapter 11 Case of the Debtor.

“**Exculpated Claim**” means any Claim related to any act or omission in connection with, relating to, or arising out of the Debtor’s liquidation, the Chapter 11 Case, formulation, preparation, dissemination, negotiation, or filing of the Disclosure Statement, the Plan, the Plan Supplement, or any other agreement or document created or entered into in connection with the Disclosure Statement or Plan, the filing of the Chapter 11 Case, the pursuit of Confirmation, the pursuit of consummation of the Plan, the administration, consummation, and implementation of the Plan, the Distribution of property under the Plan, the settlement of Claims, or the negotiation of, or any transaction contemplated by, the Plan or Disclosure Statement, or in furtherance thereof.

“**Exculpated Parties**” means, collectively, each of the following in their respective capacities as such: (i) the Debtor, (ii) Murphy, (iii) the Plan Administrator, and (iv) with respect to each of the above-named Entities described in subsections (i) and (ii), such Entity’s respective predecessors, successors and assigns and current officers (including but not limited to Joshua Rizack in his capacity as the Debtor’s Chief Restructuring Officer), directors, managers, shareholders, members, principals, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals that acted in such capacity during the pendency of this Case. Notwithstanding anything else herein to the contrary, Murphy shall not be an Exculpated Party with respect to the Mays.

“**Executory Contract**” means any contract to which the Debtor is a party that is subject to assumption or rejection under §§ 365 or 1123 of the Bankruptcy Code.

“**Final Distribution**” means the final distribution, if any, to be made by the Plan Administrator in accordance with the terms of this Plan.

“**Final Order**” means an order of the Bankruptcy Court as to which the time to appeal, petition for certiorari or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari or other proceeding for reargument or rehearing will then be pending or as to which any right to appeal, petition for certiorari, reargument, or rehearing will have been waived in writing, in form and substance, satisfactory to the Debtor or, in the event that an appeal, writ of certiorari, or reargument or rehearing thereof has been sought, such order of the Bankruptcy Court will have been determined by the highest court to which such order was appealed, or certiorari reargument or rehearing will have been denied and the time to take any further appeal, petition for certiorari or move for reargument or rehearing will have expired; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Federal Rules of Bankruptcy Procedure, may be filed with respect to such order will not cause such order not to be a Final Order.

“**General Bar Date**” means September 25, 2017 in accordance with the Order Establishing Deadline for Filing Proofs of Claim and Approving Form and Manner of Notice Thereof [Docket Entry No. 30].

“**Governmental Bar Date**” means November 12, 2017 in accordance with the Order Establishing Deadline for Filing Proofs of Claim and Approving Form and Manner of Notice Thereof [Docket Entry No. 30].

“**General Unsecured Claim**” means any Claim other than a Priority Tax Claim, a Professional Fees claim, the Pershing Setoff Claim, a Secured Demand Note Claim, an Equity Interest or an Administrative Expense Claim.

“**Holder**” means the holder of any Claim or Equity Interest.

“**Impaired**” means, when used in reference to a Claim or Equity Interest or a class thereof, a Claim or Equity Interest or class thereof that is impaired within the meaning of Bankruptcy Code § 1124.

“**Initial Distribution**” means the initial distribution to be made by the Plan Administrator in accordance with the terms of this Plan.

“**Janine May Sharff Securities**” means those certain securities held by Pershing as of the Petition Date in the name of the Debtor, for the benefit Janine May Sharff, in the accounts numbered XXX-897777 and XXX-898908, or the proceeds thereof if liquidated at any point by order of the Bankruptcy Court or otherwise.

“**Kristen May Galvin Securities**” means those certain securities held by Pershing as of the Petition Date in the name of the Debtor, for the benefit Kristen May Galvin, in the accounts numbered XXX-898874 and XXX-898916, or the proceeds thereof if liquidated at any point by order of the Bankruptcy Court or otherwise.

“**Lien**” has the meaning set forth in Section 101(37) of the Bankruptcy Code.

“**Maximum Amount**” means, with respect to any Disputed Claim: (a) the amount agreed to by the Debtor and the Holder of such Claim; (b) the amount, if any, estimated or determined by the Bankruptcy Court in accordance with Section 502(c) or 503(b) of the Code; or (c) absent any such agreement, estimation or determination, the liquidated amount set forth in the proof of claim filed by the holder of such Claim, or if no amount is so set forth, the amount estimated by the Debtor.

“**May Security**” or “**May Securities**” means the Janine May Sharff Securities and the Kristen May Galvin Securities.

“**Mays**” means Jeanine May Scharff and Kristin May Galvin.

“**Murphy**” means Richard Murphy, the Debtor’s General Partner.

“**Murphy Claim**” means any claim that Murphy has or claims to have against the Debtor, including any claim based on the alleged \$575,000 provided to the Debtor by Murphy prior to the Petition Date.

“**Objection**” means any objection, application, motion, complaint or any other legal proceeding seeking, in whole or in part, to disallow, determine, liquidate, classify, reclassify, establish the priority of, expunge, subordinate, or estimate any Claim (including the resolution of any request for payment of any Administrative Expense Claim), or Equity Interest, other than a Claim or an Equity Interest that is Allowed.

“**Petition Date**” means May 16, 2017, the date on which the Debtor commenced the Chapter 11 Case by filing a voluntary petition.

“**Pershing**” means Pershing LLC, the Debtor’s former clearing agent.

“**Pershing Accounts**” means the accounts in the Debtor’s name at Pershing with account numbers ending in 777, 874, 908, 916, 940, 218, 366, 319, 681, 168, 341, 679, 007 and 333.

“**Pershing Setoff Claim**” means the unimpaired Class 1 Claim of Pershing permitting its setoff of any cash held in any Pershing Accounts against any negative balances in any Pershing Accounts.

“**Plan**” means this Chapter 11 plan, either in its present form or as the same may be altered, amended or modified from time to time.

“**Plan Administrator**” means the person who shall have the rights and obligations as set forth in the Plan Administrator Agreement. The initial Plan Administrator shall be Joshua Rizack.

“**Plan Administrator Agreement**” means that certain agreement between the Plan Administrator and the Debtor pursuant to which the Plan Administrator shall implement the terms of the Plan by, among other things, making certain Distributions under the Plan.

“**Plan Administrator Reserve**” means the reserve account in the amount of \$40,000 to be created by the Plan Administrator in accordance with Article 8.03 of this Plan.

“**Plan Settlement**” means the settlement by and between the Debtor, Murphy and the Mays as set forth in this Plan.

“**Plan Supplement**” means that certain contemplated supplement or supplements to the Plan containing such additional documents and agreements as are necessary to bring the Plan effective, to be filed with the Bankruptcy Court on or before the Plan Supplement Filing Date, including, but not limited to, the Plan Administrator Agreement, and any schedules to the Plan.

“**Plan Supplement Filing Date**” means the date on which the Plan Supplement shall be filed with the Bankruptcy Court, which date shall be at least seven (7) days prior to the Voting Deadline or such later date as may be approved by the Bankruptcy Court without further notice.

“**Pournaras**” means Thomas Pournaras, holder of a Secured Demand Note.

“**Pournaras Excess Collateral Account**” means that certain account in the Debtor’s name held at Pershing with account number ending in 940.

“**Priority Tax Claim**” means any Claim of a governmental unit of the kind entitled to priority in payment as specified in §§ 502(i) and 507(a)(8) of the Bankruptcy Code.

“**Professionals**” means the professionals retained by the Debtor under Bankruptcy Code §§ 327 or 1103 and to be compensated pursuant to Bankruptcy Code §§ 327, 328, 330, 331, or 503(b)(2).

“**Professional Fees**” shall have the meaning set forth in Article 3.02 of this Plan.

“**Professional Fee Reserve**” means the reserve in the amount of \$225,000 to be created by the Plan Administrator in accordance with Article 8.04 of this Plan.

“**Proof of Claim**” means a proof of claim filed in connection with the Chapter 11 Case.

“**Record Date**” means the record date for determining the entitlement of Holders of Claims to receive Distributions under the Plan on account of Allowed Claims. The Record Date shall be the date on which the Disclosure Statement Order is entered.

“**Releasees**” means, collectively, the Debtor, officers and directors of the Debtor that served in such capacity at any time from and after the Petition Date, including but not limited to Murphy, The Rising Group Consulting, Inc., Joshua Rizack, in his capacity as the Debtor’s Chief Restructuring Officer, Cary May, Janine May Scharff and Kristen May Galvin, and each of their respective Representatives. Notwithstanding anything else herein to the contrary, neither Murphy nor any of his family members shall be a Releasee with respect to the Mays.

“**Releasing Parties**” means, collectively, Holders of Claims voting to accept the Plan and their Representatives.

“**Representatives**” means, with regard to any Entity, its current and former officers, directors, employees, shareholders, members, managers, advisors, attorneys, professionals, accountants, investment bankers, financial advisors, consultants, agents and other representatives (including their respective officers, directors, employees, members and professionals).

“**Retained Causes of Action**” mean all Causes of Action other than those Causes of Action that are abandoned or released, or otherwise pursuant to Article 10.08 of this Plan.

“**Ricciardi**” means Richard Ricciardi, a holder of a Secured Demand Note.

“**Riccio**” means Anthony Riccio, a holder of a Secured Demand Note.

“**Schedules**” mean the Schedules of Assets and Liabilities, the List of Holders of Interests, and the Statement of Financial Affairs filed by the Debtor, as may be amended.

“**Secured Claim**” means any Claim, to the extent reflected in the Schedules or a Proof of Claim as being secured and properly perfected, which is secured by a timely perfected Lien on Collateral, to the extent of the value of the Estate’s interest in such Collateral, as determined as of the relevant determination date.

“**Secured Demand Note(s)**” means those certain Secured Demand Notes by and between the Debtor, as borrower on the one hand and Janine May Scharff, Kristin May Galvin, Pournaras, DeAngelo, Ricciardi and Riccio, respectively, as lenders on the other hand.

“**Secured Demand Note Claims**” means the claims by holders of Secured Demand Notes for the principal amount of such Secured Demand Note. By the terms of the Secured Demand Notes, Secured Demand Note Claims are subordinated to all other claims against the Debtor.

“**Secured Demand Note Distribution**” means the distribution to be made by the Plan Administrator from the Secured Demand Note Fund to Holders of Class 3 Claims in accordance with the terms of this Plan.

“**Secured Demand Note Fund**” means a fund account in the amount of \$50,000 to be created by the Plan Administrator in accordance with the terms of Article 8.06 of this Plan.

“**Tax Reserve**” the reserve account in the amount of \$150,000 to be created by the Plan Administrator in accordance with Article 8.05 of this Plan.

“**Treasury Rate**” means the yield on five-year United States Treasury Notes as published by the Wall Street Journal on the Effective Date.

“**Unexpired Lease**” means a lease of real or personal property to which the Debtor is a party that is subject to assumption or rejection under § 365 of the Bankruptcy Code.

“**Unimpaired**” means, when used in reference to a Claim or Equity Interest or a class thereof, a Claim or Equity Interest or a class thereof that is not impaired within the meaning of § 1124 of the Bankruptcy Code.

“**Voting Deadline**” means [\_\_\_\_\_], 2018, at 4:00 p.m. prevailing Eastern Time.

2.02 **Rules of Interpretation.** Wherever from the context it appears appropriate, each term stated in either the singular or the plural will include both the singular and the plural and pronouns stated in the masculine, feminine or neuter gender will include the masculine, feminine and neuter. Unless otherwise specified, all section, article, schedule or exhibit references in the Plan are to the respective Section in, Article of, Schedule to, or Exhibit to, the Plan. The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to the Plan as a whole and not to any particular section, subsection or clause contained in the Plan. The rules of construction contained in § 102 of the Bankruptcy Code will apply to the construction of the Plan. All references herein to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided. A term used herein that is not defined herein, but that is used in the Bankruptcy Code, will have the meaning ascribed to that term in the Bankruptcy Code. The headings in the Plan are for convenience of reference only and will not limit or otherwise affect the provisions of the Plan.

2.03 **Computation of Time.** In computing any period of time prescribed or allowed by the Plan, the provisions of Rule 9006(a) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) shall apply.

**ARTICLE III**  
**TREATMENT OF UNCLASSIFIED CLAIMS**

3.01 **Administrative Expense Claims.** The deadline for filing an Administrative Expense Claim (other than post-petition professional fees) shall be thirty (30) days after the Effective Date (the "Administrative Expense Claim Bar Date"). Except to the extent any entity entitled to payment of an Allowed Administrative Expense Claim has received payment on account of such Claim prior to the Effective Date or agrees to less favorable treatment, each Holder of an Allowed Administrative Expense Claim shall receive Cash from the Plan Administrator in an amount equal to such Allowed Claim by the later of either (i) the Effective Date or as soon thereafter as is reasonably practicable, or (ii) the date that is 14 days after the Administrative Expense Claim is Allowed.

3.02 **Professional Fees.** All Professionals seeking payment of professional fees or reimbursement of expenses incurred through and including the Effective Date under § 503(b)(2), (3), or (4) of the Bankruptcy Code ("Professional Fees") shall file their respective final applications on or before the date that is forty-five (45) days after the Effective Date. The Professional Fees shall be paid by the Plan Administrator out of the Professional Fee Reserve as and when they are Allowed.

3.03 **Statutory Fees.** On the Effective Date, the Debtor shall make all payments required to be paid to the U.S. Trustee pursuant to § 1930 of Title 28 of the United States Code. All fees payable pursuant to § 1930 of Title 28 of the United States Code after the Effective Date shall be paid by the Plan Administrator on a quarterly basis until the Chapter 11 Case is closed, converted, or dismissed.

3.04 **Priority Tax Claims.** Except to the extent that a Holder of an Allowed Priority Tax Claim has been paid by the Debtor prior to the Effective Date or agrees to a different treatment, each Holder of an Allowed Priority Tax Claim shall receive, in full and complete settlement, satisfaction and discharge of its Allowed Priority Tax Claim, Cash in an amount of such Holder's Allowed Claim on the Effective Date. Under the Plan, Holders of Allowed Priority Tax Claims against the Debtor shall not be entitled to any payments on account of any post Petition Date interest or penalty with respect to or in connection with an Allowed Priority Tax Claim. Any such Claim or demand for any post Petition Date interest or penalty will be discharged upon the entry of the Confirmation Order by Bankruptcy Code § 1141(d)(1), and the Allowed Priority Tax Claim Holder shall not assess or attempt to collect such accrued interest or penalty from the Debtor, the Plan Administrator or the Debtor's property. The Debtor has estimated the Priority Tax Claims are not more than \$150,000.00.

**ARTICLE IV**  
**DESIGNATION OF CLASSES**

4.01 **Classification.** Claims and Equity Interests are classified for all purposes, including voting, confirmation, and Distribution pursuant to the Plan, as follows:

<b>Class</b>	<b>Designation</b>	<b>Impairment</b>	<b>Entitled to Vote</b>
Class 1	Pershing Setoff Claims	Unimpaired	No
Class 2	General Unsecured Claims	Impaired	Yes
Class 3	Secured Demand Note Claims	Impaired	Yes
Class 4	Equity Interests	Impaired	No

**ARTICLE V**  
**TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS**

**5.01 Class 1: Pershing Setoff Claims.**

Pershing is the only Holder of Class 1 Pershing Setoff Claims. On the Effective Date, Pershing shall be permitted to set-off any negative balances in any of the Pershing Accounts against cash held in other Pershing Accounts on a dollar-for-dollar basis. Pershing shall not be entitled to any other Distribution under this Plan. The Debtor estimates that after such set-off, the cash remaining in the Pershing Accounts will be approximately \$678,000.

Immediately following the setoff as set forth in this Article 5.01, Pershing shall (A) turn over to the Debtor the remaining cash in the Pershing Accounts, to be distributed by the Debtor in accordance with the terms hereof, (B) deposit the Janine May Sharff Securities into a brokerage account as directed by Janine May Sharff, in accordance with Article 5.02 hereof, and (C) deposit the Kristen May Galvin Securities into a brokerage account as directed by Kristen May Galvin, in accordance with Article 5.02 hereof.

Class 1 is Unimpaired. The Holder of the Class 1 Claim is therefore deemed to vote in favor of the Plan.

**5.02 Class 2: General Unsecured Claims.**

Holders of Allowed Class 2 General Unsecured Claims will be paid an Initial Distribution on the Effective Date equal to their pro-rata share (based on percentage of total Class 2 Claims) of all remaining Cash and securities after payment of Administrative Expense Claims and Priority Tax Claims, establishing the Plan Administrator Reserve, the Professional Fee Reserve, the Tax Reserve, and the Secured Demand Note Fund, and after effecting the Pershing Setoff Claim. The distribution to the Mays pursuant to this Article 5.02 shall be

satisfied first by Pershing distributing all Janine May Sharff Securities to Janine May Sharff and all Kristen May Galvin Securities to Kristen May Galvin in accordance with Article 5.01, with the remainder of such distributions, if any, to be in Cash.

The amount of Janine May Scharff's Allowed Class 2 Claim shall be equal to the amount of Cash in the Pershing Accounts ending in 777 (\$288,676.41, as of December 31, 2017) and 908 (\$887,802.81, as of December 31, 2017) on the date of the Initial Distribution, less the face value of her Secured Demand Note (\$125,000.00), plus the value of the Janine May Sharff Securities on the date of an Initial Distribution as ascribed by Pershing (\$1,740,443.86, as of December 31, 2017).

The amount of Kristin May Galvin's Allowed Class 2 Claim shall be equal to the amount of Cash in the Pershing Accounts ending in 874 (\$219,854.37, as of December 31, 2017) and 916 (\$168,462.03, as of December 31, 2017) on the date of the Initial Distribution, less the face value of her Secured Demand Note (\$125,000.00), plus the value of the Kristen May Galvin Securities on the date of an Initial Distribution as ascribed by Pershing (\$802,163.77, as of December 31, 2017).

The amount of Pournaras's Allowed Class 2 Claim shall be equal to the amount of cash in the Pershing Account ending in 940 on the date of the Initial Distribution (\$279,863.23, as of December 31, 2017) less the face value of his Secured Demand Note (\$100,000.00), or approximately \$179,863.23.

The amount of the Murphy Claim shall be \$0.

The amount of DeAngelis's, Ricciardi's and Riccio's respective Allowed Class 2 Claim shall each be \$0.

Holders of Class 2 Claims will be entitled to a Final Distribution in an amount equal to their pro rata share of any Cash remaining in the estate after the liquidation of claims against the estate, and the completion of all other distributions as set forth in this Plan.

Class 2 is Impaired. Holders of Class 2 Claims are therefore entitled to vote to accept or reject the Plan.

### **5.03 Class 3 – Secured Demand Note Claims.**

On the Effective Date, Holders of Class 3 Secured Demand Note Claims will be entitled to a Cash Distribution equal to their pro rata share (based on percentage of total Class 3 Claims) from the Secured Demand Note Fund as part of the Initial Distribution.

The amount of Janine May Sharff's and Kristin May Galvin's respective Allowed Class 3 Claim shall be \$125,000 each.

The amount of DeAngelis's Allowed Class 3 Claim shall be \$200,000.

The amount of Pournaras's, Ricciardi's and Riccio's respective Allowed Class 3 Claim shall each be \$100,000.

The Cash distributed to the Holders of Class 3 Claims during the Initial Distribution shall be in full and final satisfaction of such Holders' Secured Demand Note Claims against the Debtor and its estate, provided however, that the Distribution to Holders of Class 3 claims shall not waive or impair the right or ability of Janine May Scharff and/or Kristin May Galvin to pursue claims against Murphy (or his wife) under various guaranty agreements or otherwise, or any rights any other Holders of Class 3 Claims may have against third parties. Holders of Class 3 Claims shall not be entitled to any portion of the Final Distribution unless all other claims are paid in full with interest.

Class 3 is Impaired. Holders of Class 3 Claims are therefore entitled to vote to accept or reject the Plan.

**5.04 Class 4 – Equity Interests.**

Holders of Class 4 Equity Interests will not receive any distribution under the Plan.

Class 4 is Impaired but will be deemed to have voted to reject the Plan.

5.05 **Cramdown**. If any class of Claims fails to accept the Plan in accordance with § 1126(c) of the Bankruptcy Code, the Bankruptcy Court may confirm the Plan in accordance with § 1129(b) of the Bankruptcy Code on the basis that the Plan is fair and equitable and does not discriminate unfairly with respect to any non-accepting, impaired Class.

**ARTICLE VI**  
**PROVISIONS REGARDING RESOLUTION OF CLAIMS**  
**AND GOVERNING DISTRIBUTIONS UNDER THE PLAN**

**6.01 Method of Distributions under the Plan.**

a. **General Provisions; Undeliverable Distributions.** Subject to Bankruptcy Rule 9010 and except as otherwise provided herein, Distributions to the Holders of Allowed Claims shall be made by the Plan Administrator at (a) the address of each Holder as set forth in the Schedules, unless superseded by the address set forth on Proofs of Claim filed by such Holder or (b) the last known address of such Holder if no Proof of Claim is filed or if the Plan Administrator has been notified in writing of a change of address.

If any Distribution by the Plan Administrator is returned as undeliverable, the Plan Administrator may, in his discretion, make reasonable efforts to determine the current address of the Holder of the Claim with respect to which the Distribution was made as the Plan Administrator deems appropriate, but no Distribution to any such Holder shall be made unless and until the Plan Administrator has determined the then-current address of such Holder, at which time the Distribution to such Holder shall be made to the Holder without interest. Amounts in respect of any undeliverable Distributions made by the Plan Administrator shall be returned to, and held in trust by, the Plan Administrator until the Distributions are claimed or are deemed to be unclaimed property under Section 347(b) of the Bankruptcy Code, as set forth in

Article 6.01(c) of this Plan. The Plan Administrator shall have the discretion to determine how to make Distributions in the most efficient and cost-effective manner possible; provided, however, that its discretion may not be exercised in a manner inconsistent with any express requirements of the Plan or the Plan Administrator Agreement. On or about the time that the Final Distribution is made, the Plan Administrator may make a charitable donation with undistributed funds if, in the reasonable judgment of the Plan Administrator, the cost of calculating and making the Final Distribution of the remaining funds is excessive in relation to the benefits to the Holders of Claims who would otherwise be entitled to such Distributions, and such charitable donation is provided to an entity not otherwise related to the Debtor.

b. Minimum Distributions. Notwithstanding anything herein to the contrary, if a Distribution to be made to a Holder of an Allowed Claim would be \$100 or less in the aggregate, no such Distribution will be made to that Holder unless a request therefor is made in writing to the Plan Administrator no later than twenty (20) days after the Effective Date.

c. Unclaimed Property. Except with respect to property not Distributed because it is being held in a Disputed Claim Reserve, Distributions that are not claimed by the later of the expiration of six (6) months from the Effective Date or ninety (90) days after the date of a Distribution shall be deemed to be unclaimed property under Section 347(b) of the Bankruptcy Code and shall vest or revert in the Debtor through the Plan Administrator, and the Claims with respect to which those Distributions are made shall be deemed to be automatically disallowed, expunged, discharged and forever barred without further order of the Bankruptcy Court. Nothing contained in the Plan shall require the Plan Administrator to attempt to locate any Holder of an Allowed Claim. All funds or other property that vests or reverts in the Debtor through the Plan Administrator pursuant to this Article shall be distributed by the Plan Administrator to the other Holders of Allowed Claims in accordance with the provisions of the Plan or the Plan Administrator Agreement.

d. Manner of Cash Payments Under the Plan. Cash payments made pursuant to the Plan shall be in United States dollars by checks drawn on a domestic bank selected by the Plan Administrator, or by wire transfer from a domestic bank, at the option of the Plan Administrator.

e. Time Bar to Cash Payments by Check. Checks issued by the Plan Administrator on account of Allowed Claims shall be null and void if not negotiated within 90 days after the date of issuance thereof. Requests for the reissuance of any check that becomes null and void pursuant to this Article 6.01(e) shall be made directly to the Plan Administrator by the Holder of the Allowed Claim to whom the check was originally issued. Any Claim in respect of such voided check shall be made in writing on or before the later of six (6) months from the Effective Date or ninety (90) days after the date of issuance thereof. After that date, all Claims in respect of void checks shall be disallowed, expunged, discharged and forever barred without further order of the Bankruptcy Court and the proceeds of those checks shall revert in the Debtor through Plan Administrator, as unclaimed property in accordance with Section 347(b) of the Bankruptcy Code and be distributed in accordance with the terms of this Plan.

f. Limitations on Funding of Disputed Claim Reserve. Except as expressly set forth in the Plan, the Debtor and the Plan Administrator shall not have any duty to fund the Disputed Claim Reserve.

g. Compliance with Tax Requirements. In connection with making Distributions under this Plan, to the extent applicable, the Plan Administrator shall comply with all tax withholding and reporting requirements imposed by any governmental unit, and all Distributions pursuant to this Plan shall be subject to such withholding and reporting requirements. The Plan Administrator may withhold the entire Distribution due to any Holder of an Allowed Claim until such time as such Holder provides the necessary information to comply with any withholding requirements of any governmental unit. Any property so withheld will then be paid by the Plan Administrator to the appropriate authority. If the Holder of an Allowed Claim fails to provide the information necessary to comply with any withholding requirements of any governmental unit within six months from the date of first notification to the Holder of the need for such information or for the Cash necessary to comply with any applicable withholding requirements, then such Holder's Distribution shall be treated as an undeliverable Distribution in accordance with Article 6.01(a) of this Plan.

h. No Payments of Fractional Dollars. Notwithstanding any other provision of the Plan to the contrary, no payment of fractional dollars shall be made pursuant to the Plan. Whenever any payment of a fraction of a dollar under the Plan would otherwise be required, the actual Distribution made shall reflect a rounding down of such fraction to the nearest whole dollar.

i. Setoff and Recoupment. Except with respect to claims that are allowed pursuant to Articles 5.02 and 5.03 hereof, the Plan Administrator may, but shall not be required to, set-off against, or recoup from, any Claim and the Distributions to be made pursuant to the Plan in respect thereof, any claims or defenses of any nature whatsoever that the Debtor or the Estate may have against the Holder of such Claim, but neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver or release by the Debtor or the Estate of any right of set-off or recoupment that any of them may have against the Holder of any Claim.

6.02 Objections to Claims. After the Effective Date, Objections to Claims may be made, and Objections to Claims made previous thereto shall be pursued, only by the Plan Administrator. The deadline for the Plan Administrator to file Objections to Claims shall be the Claims Objection Bar Date, subject to extension by motion to the Bankruptcy Court.

After the Effective Date, the Plan Administrator may settle any Disputed Claims without notice and a hearing (provided however that the Plan Administrator shall not be entitled to settle any claim by or with Murphy, or any relative, affiliate, or representative thereof, to the extent that such settlement impacts the rights or interests of the Mays).

6.03 Disputed Claim Reserve.

a. The Plan Administrator shall reserve for each Disputed Claim at the Maximum Amount. On the date of any Distribution, the Plan Administrator shall deposit into the Disputed Claim Reserve Cash equal to the amount that would be distributable to all Holders of Disputed Claims in respect of all Distributions made on that date, if such Disputed Claims were Allowed in the respective Maximum Amounts. The Plan Administrator shall maintain the Disputed Claim Reserve in a segregated account and shall keep records as to the applicable amounts reserved in respect of each Disputed Claim.

b. In the event any Disputed Claim becomes an Allowed Claim, as soon as practicable after the date of allowance, the Plan Administrator shall distribute to the Holder of such Allowed Claim from the Disputed Claim Reserve the aggregate amount of Cash that such Holder would have received through the date of such Distribution in respect of such Disputed Claim as if such Claim had been an Allowed Claim as of the Effective Date.

c. From time to time as Disputed Claims are Disallowed or Allowed in amounts less than their respective Maximum Amounts, the Cash deposited in the Disputed Claims Reserve that otherwise would have been distributed to the Holders of such Disputed Claims if such Disputed Claims had become Allowed in their respective Maximum Amounts shall be released from and no longer held in the Disputed Claims Reserve and shall be distributed to the extent required in accordance with this Plan.

#### 6.04 **Claims Estimation.**

The Plan Administrator may at any time request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to Section 502(c) of the Bankruptcy Code, regardless of whether the Plan Administrator previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time concerning any objection to any Claim, including during the pendency of any appeal relating to any such Objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Plan Administrator may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism pursuant to the Plan or approved by the Bankruptcy Court.

#### 6.05 **Disallowance of Claims.**

a. Except as otherwise agreed in writing and approved by the Bankruptcy Court, any and all proofs of Claim filed after the General Bar Date or the Governmental Bar Date, as applicable, shall be deemed Disallowed and expunged as of the Effective Date without any further notice or action, order or approval of the Bankruptcy Court, and Holders of such Claims may not receive any Distributions on account of such Claims, unless on or before the Confirmation Date the Bankruptcy Court has entered an order deeming such Claim to be timely filed.

b. Any Claims held by Entities from which property is recoverable under Section 542, 543, 550 or 553 of the Bankruptcy Code or that is a transferee of a transfer avoidable under Section 522(f), 522(h), 544, 545, 547, 548, 549 or 724(a) of the Bankruptcy Code, provided that such Cause of Action is a Retained Cause of Action, shall be deemed Disallowed pursuant to Section 502(d) of the Bankruptcy Code, and Holders of such Claims may not receive any Distributions on account of such Claims until such time as such Causes of Action against that Entity have been settled or a Bankruptcy Court order with respect thereto has been entered and all sums due, if any, to the Debtor by that Entity have been turned over or paid to the Debtor or

the Estate through the Plan Administrator. The Debtor does not believe at the time of filing this Plan that any such claims exist against Holders of Claims anticipated to receive Distributions under the Plan.

6.06 **Adjustment Without Objection.** Any Claim or Equity Interest that has been paid or satisfied, or any Claim or Equity Interest that has been amended, superseded or Disallowed by Final Order, may be adjusted or expunged on the Claims Register at the direction of the Plan Administrator, as applicable, without an Objection having to be filed and without any further notice, action, order or approval of the Bankruptcy Court.

## **ARTICLE VII** **EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

7.01 **Assumption or Rejection of Executory Contracts and Unexpired Leases.** Pursuant to §§ 365(a) and 1123(b)(2) of the Bankruptcy Code, other than as set forth in Article 8.10 hereof, all Executory Contracts and Unexpired Leases that exist between the Debtor and any party that have not been previously assumed pursuant to any order of the Bankruptcy Court shall be deemed rejected on the Effective Date. The Confirmation Order will constitute an order of the Bankruptcy Court approving such rejections pursuant to §§ 365 and 1123 of the Bankruptcy Code as of the Effective Date.

7.02 **Claims Based on Rejection of Executory Contracts or Unexpired Leases.** Claims created by the rejection of executory contracts and unexpired leases pursuant to Article 7.01 of this Plan, must be filed with the Bankruptcy Court and served on the Plan Administrator no later than thirty (30) days after the Effective Date. Any Claim arising from the rejection of an executory contract or unexpired lease pursuant to Article 7.01 of this Plan for which a Proof of Claim is not timely filed within that time period shall be forever barred from assertion against the Debtor, its Estate, its successors and assigns, or its assets and properties, unless otherwise ordered by the Bankruptcy Court or as otherwise provided herein. Unless otherwise ordered by the Bankruptcy Court, all such Claims that are timely filed as provided herein shall be treated as Class 2 - General Unsecured Claims under the Plan and shall be subject to the provisions of Article V of the Plan.

7.03 **Post-Petition Contracts and Leases.** Contracts and leases entered into after the Petition Date by the Debtor may be performed by the Plan Administrator in the ordinary course of business and in accordance with the terms thereof. The Debtor does not believe that any such contracts or leases exist.

## **ARTICLE VIII** **MEANS FOR IMPLEMENTATION AND** **EFFECT OF CONFIRMATION OF PLAN**

### 8.01 **Plan Administrator.**

a. **Plan Administrator Agreement.** The Plan Administrator Agreement shall be executed and delivered by the Debtor and the Plan Administrator.

b. Appointment. As of the Effective Date, in addition to any other powers described in this Plan, the powers and duties of the Plan Administrator shall consist of the following:

- i. To make Distributions on account of all Allowed Administrative Expense Claims, Allowed Professional Fees, Allowed Class 2 Claims, and Allowed Class 3 Claims, consistent with the terms of this Plan;
- ii. To retain persons and professionals to assist in carrying out the powers and duties enumerated pursuant to this Plan and/or Plan Administrator Agreement;
- iii. To enter into contracts as necessary to assist in carrying out the powers and duties enumerated pursuant to this Plan and/or Plan Administrator Agreement;
- iv. To pay expenses incurred in carrying out the powers and duties enumerated in pursuant to this Plan and/or Plan Administrator Agreement, including professional fees incurred after the Effective Date;
- v. To open and maintain bank accounts and deposit funds and draw checks and make disbursements in accordance with the Plan and/or Plan Administrator Agreement;
- vi. To effectuate any of the applicable provisions in this Plan and the Plan Administrator Agreement; and
- vii. At the appropriate time, to ask the Bankruptcy Court to enter the final decree.

8.02 Vesting of Assets. Except as otherwise provided in the Plan, and except for rights and obligations set forth in the Plan, on the Effective Date, all property comprising the Estate (including Causes of Action, but excluding property that has been abandoned pursuant to an order of the Bankruptcy Court) shall remain vested in the Debtor through the Plan Administrator as of the Effective Date, free and clear of all Claims, Liens, and interests. As of and following the Effective Date, the Plan Administrator may settle and compromise Claims, Interests, or Causes of Action without supervision of the Bankruptcy Court, free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by this Plan or the Confirmation Order.

8.03 Plan Administrator Reserve. As of the Effective Date, the Plan Administrator shall create a reserve account in the amount of Forty Thousand Dollars (\$40,000) prior to making the Initial Distribution, from which the Plan Administrator shall pay the costs of winding up the affairs of the Debtor, including without limitation, the Plan Administrator's fees, costs and expenses, and the fees of any professionals retained by the Plan Administrator to assist him in performing his remaining duties. If after all necessary fees, expenses and obligations of the Plan Administrator are paid in full, any funds remain with the Plan Administrator, such funds shall revert to the general Estate and shall be distributed in accordance with the terms of this Plan.

8.04 **Professional Fee Reserve.** As of the Effective Date, the Plan Administrator shall create a reserve account in the amount of Two Hundred Twenty-Five Thousand Dollars (\$225,000) prior to making the Initial Distribution, from which the Plan Administrator shall pay Allowed Professional Fees which accrued prior to the Effective Date but were not paid as of the Effective Date. If after all Allowed Professional Fees are paid in full, any funds remain in the Professional Fee Reserve, such funds shall revert to the general Estate and shall be distributed in accordance with the terms of this Plan.

8.05 **Tax Reserve.** As of the Effective Date, to the extent the Priority Tax Claim filed by New York State, or expected to be filed by New York State, has not been liquidated and Allowed, the Plan Administrator shall create a reserve account in the amount of One Hundred Fifty Thousand Dollars (\$150,000) prior to making the Initial Distribution. At such time as the Priority Tax Claim of New York State becomes an Allowed Claim, the Plan Administrator shall make a Distribution from the Tax Reserve in accordance with the terms of Article 3.04 of this Plan. If after all the Allowed amount of New York State's Priority Tax Claim is paid in full, any funds remain in the Tax Reserve, such funds shall revert to the general Estate and shall be distributed by the Plan Administrator in accordance with the terms of this Plan.

8.06 **Secured Demand Note Fund.** As of the Effective Date, the Plan Administrator shall segregate \$50,000 of Cash to create the Secured Demand Note Fund, from which the Plan Administrator shall make Distributions to Holders of Class 3 Claims in accordance with the terms of Article 5.03 of this Plan.

8.07 **Liquidation of May Securities.** If agreed by each of the Mays, some or all of the May Securities will be liquidated by the Debtor or Plan Administrator in the most expeditious manner possible while maximizing value, with the proceeds of such liquidation placed in a segregated account for the benefit of the Mays in accordance with Sections 5.01 and 5.02 of this Plan. Unless agreed to the contrary by the Mays, such proceeds shall be deemed to be part of the Kristen May Galvin Securities, or part of the Janine May Sharff Securities, respectively, and shall be distributed to the Mays pursuant to Article 5.01 hereof.

8.08 **Corporate Existence of the Debtor.** As of the Effective Date, the Debtor shall maintain its good standing as a general partnership under the laws of the state of its formation until and unless appropriate documents are filed dissolving the Debtor following consummation of the Plan. The Plan Administrator will take all reasonable and necessary steps to dissolve the Debtor upon the filing and acceptance of all necessary tax returns and the completion of all obligations of the Debtor under this Plan.

8.09 **Insurance Preservation.** On the Effective Date, the Plan Administrator shall assume all insurance policies issued or providing coverage at any time to the Debtor, its Affiliates or predecessors of any of the foregoing and all agreements related thereto, as may be amended or modified. Nothing in this Plan, the Disclosure Statement, the Confirmation Order or otherwise shall diminish or impair the validity or enforceability of any insurance policies that may cover or backstop Claims against the Debtor or its employees, officers, directors, members, shareholders, or any other Person.

8.10 **Preservation of Setoff Rights.** On and after the Effective Date, rights of set-off pursuant to Bankruptcy Code § 553 shall be preserved. After the Effective Date, such set-off may be exercised pursuant to agreement of the Plan Administrator, on the one hand, and the affected Creditor, on the other hand. Any disputes regarding the right of set-off shall be determined upon motion before the Bankruptcy Court.

**ARTICLE IX**  
**EFFECTIVENESS OF THE PLAN**

9.01 **Conditions Precedent to Confirmation.**

- a. The following conditions must be satisfied on or before the Confirmation Date:
- i. The Court shall have entered the Disclosure Statement Order; and
  - ii. The entry of the Confirmation Order shall be in form and substance reasonably satisfactory to the Debtor and shall contain provisions that, among other things: (i) authorize the implementation of the Plan in accordance with its terms; (ii) approve in all respects the other settlements, transactions, and agreements to be effected pursuant to the Plan; and (iii) find that the Plan complies with all applicable provisions of the Bankruptcy Code, including that the Plan was proposed in good faith and that the Confirmation Order was not procured by fraud.

9.02 **Conditions Precedent to Effectiveness.**

- a. The Plan shall not become effective unless and until the following have been satisfied:
- i. The Confirmation Order has become a Final Order;
  - ii. The Plan Administrator Agreement shall have been entered into; and
  - iii. There shall be no stay or injunction in effect with respect to the Confirmation Order.
- b. Notwithstanding the foregoing, the Debtor reserves, in its sole discretion, the right to waive the occurrence of any condition precedent to the Effective Date or to modify any of the foregoing conditions precedent. Any such written waiver of a condition precedent set forth in this Article may be effected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to consummate the Plan. Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action.
- c. **Simultaneous Transactions.** Except as otherwise expressly set forth in the Plan, the Confirmation Order or a written agreement by the Debtor, each action to be taken on the Effective Date shall be deemed to occur simultaneously as part of a single transaction.

**ARTICLE X**  
**RELEASE, INJUNCTIONS AND RELATED PROVISIONS**

10.01 Intentionally left blank.

10.02 **Releases by the Debtor.**

a. Notwithstanding anything contained in the Plan to the contrary, as of the Effective Date, for the good and valuable consideration provided by each of the Releasees, including, without limitation the satisfaction and elimination of debt and all other good and valuable consideration paid pursuant to the Plan or otherwise, the Debtor hereby provides a full release, waiver and discharge to the Releasees (and each such Releasee so released shall be deemed released and discharged by the Debtor) from any and all Causes of Action and any other debts, obligations, rights, suits, damages, actions, remedies and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing as of the Effective Date or thereafter arising, in law, equity or otherwise, whether for tort, contract, violations of federal or state securities laws, or otherwise, based in whole or in part upon any act or omission, transaction, or other occurrence or circumstances existing or taking place during the period of the Petition Date through the Effective Date in any way related to the Debtor's Chapter 11 Case, including, without limitation, those that the Debtor would have been legally entitled to assert or that any Holder of a Claim or other Entity would have been legally entitled to assert for or on behalf of any of the Debtor or Estate and further including those in any way related to the Chapter 11 Case or the Plan; provided, however, that the foregoing provisions of this Article 10.02 shall have no effect on the liability of any Releasee that results from any act or omission that is determined in a Final Order to have constituted fraud, gross negligence or willful misconduct; provided further that nothing contained in this Article 10.02, or anything else in this Plan, shall be or shall be deemed a release or compromise of any liability of the Debtor's general partner.

b. **Exculpation and Limitation of Liability.** Notwithstanding anything contained in the Plan to the contrary, the Exculpated Parties shall neither have, nor incur any liability to any Entity for any Exculpated Claim; provided, however, that the foregoing "exculpation" shall have no effect on the liability of any Entity that results from any such act or omission that is determined in a Final Order to have constituted fraud, gross negligence or willful misconduct.

10.03 For the avoidance of doubt, nothing in this Plan does or shall be deemed to release the general partner of the Debtor from his or its obligations for the debts of the Debtor, and nothing in this Plan to the contrary shall release, waive, or otherwise impair the rights and claims of Cary May, Janine May Scharff or Kristin May Galvin against Murphy or other third parties that may be responsible for payment of their respective Claims against the Debtor under certain guaranties or otherwise.

10.04 **Entry of Confirmation Order.** Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the releases set forth in Article 10.02 and 10.03 of this Plan pursuant to Bankruptcy Rule 9019 and its finding that they are: (a) in exchange for good and valuable consideration, representing a good faith settlement and

compromise of the Claims and Causes of Action thereby released; (b) in the best interests of the Debtor and all Holders of Claims; (c) fair, equitable and reasonable; (d) approved after due notice and opportunity for hearing; and (e) a bar to the Debtor.

10.05 **Injunction.** Except as otherwise expressly provided for in the Plan or pursuant to obligations set forth in the Plan, all Parties and Entities are permanently enjoined, on and after the Effective Date, on account of any Claim from:

- i. commencing or continuing in any manner any action or other proceeding of any kind against the Debtor, its successors and assigns, and any of its assets and properties;
- ii. enforcing, attaching, collecting or recovering by any manner or means any judgment, award, decree or order against the Debtor, its successors and assigns, and any of its assets and properties;
- iii. creating, perfecting or enforcing any encumbrance of any kind against the Debtor, its successors and assigns, and any of its assets and properties; or
- iv. asserting any right of set-off or subrogation of any kind against any obligation due from the Debtor, or its successors and assigns, or against any of its assets and properties, except to the extent a right to set-off or subrogation is asserted with respect to a timely filed proof of claim or is otherwise permitted by the terms of this Plan.

10.06 From and after the Effective Date, all Releasing Parties are permanently enjoined from commencing or continuing in any manner against the Releasees, their successors and assigns, and any of their assets and properties, any suit, action or other proceeding, on account of or respecting any claim, demand, liability, obligation, debt, right, cause of action, interest or remedy released or to be released pursuant to the Plan or the Confirmation Order.

10.07 **Releases of Liens.** Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document created pursuant to the Plan, on the Effective Date, all mortgages, deeds of trust, liens, pledges or other security interests against property of the Estate shall be fully released and discharged and all of the right, title and interest of any holder of such mortgages, deeds of trust, liens, pledges or other security interest shall revert to the Debtor through the Plan Administrator.

10.08 **Preservation of Causes of Action.**

a. **Vesting of Causes of Action.**

- i. Except as otherwise provided in the Plan or Confirmation Order, in accordance with Section 1123(b)(3) of the Bankruptcy Code, any Retained Causes of Action that the Debtor may hold against any Entity shall vest upon the Effective Date shall continue to be held by the Debtor through

Plan Administrator. Retained Causes of Action include, but are not limited to, (i) preference, fraudulent transfer and other avoidance claims pursuant to chapter 5 of the Bankruptcy Code and state law counterparts and (ii) state and common law claims for breach of fiduciary duty, as against former directors or officers of the Debtor for action or inactions occurring prior to the Petition Date. These claims shall be preserved.

- ii. Except as otherwise provided in the Plan or Confirmation Order, after the Effective Date, the Plan Administrator shall have the exclusive right to institute, prosecute, abandon, settle or compromise any Retained Causes of Action without further order of the Bankruptcy Court, in any court or other tribunal, including, without limitation, in an adversary proceeding filed in one or more of the Chapter 11 Case.

b. Preservation of All Retained Causes of Action Not Expressly Settled or Released.

- i. Unless a Retained Cause of Action is expressly waived, relinquished, released, compromised or settled in the Plan or any Final Order (including the Confirmation Order), the Debtor through the Plan Administrator expressly reserves such Retained Cause of Action for later adjudication by (including, without limitation, Retained Causes of Action of which the Debtor may presently be unaware or which may arise or exist by reason of additional facts or circumstances unknown to the Debtor at this time or facts or circumstances which may change or be different from those the Debtor now believe to exist) and, therefore, no preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or laches shall apply to such Retained Causes of Action upon or after the entry of the Confirmation Order or Effective Date based on the Disclosure Statement, Plan or Confirmation Order, except where such Retained Causes of Action have been released in the Plan or any other Final Order (including the Confirmation Order). In addition, the Debtor expressly reserves the right to pursue or adopt any claims alleged in any lawsuit in which the Debtor is a defendant or an interested party, against any Entity, including, without limitation, the plaintiffs or co-defendants in such lawsuits.
- ii. Subject to the immediately preceding paragraph, except for the Releasees, who are each the beneficiary of releases under this Plan, any Entity to whom the Debtor has incurred an obligation (whether on account of services, purchase or sale of goods or otherwise), or who has received services from the Debtor or a transfer of money or property of the Debtor, or who has transacted business with the Debtor, or leased equipment or property from the Debtor, should assume that any such obligation, transfer or transaction may be reviewed by the Plan Administrator subsequent to the Effective Date and may be the subject of an action after the Effective Date, regardless of whether: (i) such Entity has filed a proof of claim

against the Debtor in the Chapter 11 Case; (ii) the Debtor has objected to any such Entity's proof of claim; (iii) any such Entity's Claim was included in the Schedules; (iv) the Debtor has objected to any such Entity's scheduled Claim; or (v) any such Entity's scheduled Claim has been identified by the Debtor as disputed, contingent or unliquidated.

**ARTICLE XI**  
**RETENTION OF JURISDICTION**

11.01 **Bankruptcy Court Jurisdiction.** The Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of and related to the Chapter 11 Case and this Plan pursuant to, and for the purposes of, §§ 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

- a. allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Equity Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of Claims or Equity Interests;
- b. grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before the Effective Date;
- c. resolve any matters related to the assumption, assignment or rejection of any executory contract or unexpired lease to which the Debtor is party or with respect to which the Debtor may be liable and to hear, determine and, if necessary, liquidate any Claims arising therefrom, including those matters related to any amendment to the Plan after the Effective Date pursuant to Article 12.05 of this Plan, adding executory contracts or unexpired leases to the list of executory contracts and unexpired leases to be assumed;
- d. ensure that Distributions to Holders of Allowed Claims and Allowed Equity Interests are accomplished pursuant to the provisions of the Plan;
- e. decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters, including, without limitation, Retained Causes of Action, and grant or deny any applications involving the Debtor that may be pending on the Effective Date or instituted by the Plan Administrator after the Effective Date, provided, however, that the Plan Administrator shall reserve the right to commence actions in all appropriate jurisdictions;
- f. enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all other contracts, instruments, releases, indentures and other agreements or documents adopted in connection with the Plan, Plan Supplement or the Disclosure Statement;
- g. resolve any cases, controversies, suits or disputes that may arise in connection with the Effective Date, interpretation or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

h. issue and enforce injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with the Effective Date or enforcement of the Plan, except as otherwise provided in the Plan;

i. resolve any cases, controversies, suits or disputes with respect to the releases, injunction and other provisions contained in Article X, and enter such orders as may be necessary or appropriate to implement or enforce all such releases, injunctions and other provisions;

j. enter and implement such orders as necessary or appropriate if the Confirmation Order is modified, stayed, reversed, revoked or vacated;

k. resolve any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, the Plan Administrator Agreement or any contract, instrument, release, indenture or other agreement or document adopted or executed in connection with the Plan or the Disclosure Statement; and

l. enter an order and/or the decree contemplated in Fed. R. Bankr. P. 3022 closing the Chapter 11 Case.

## **ARTICLE XII**

### **MISCELLANEOUS PROVISIONS**

12.01 **Effectuating Documents and Further Transactions.** The Plan Administrator is authorized to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan and any notes or securities pursuant to the Plan.

12.02 **Aid in Implementation of Plan.** The Bankruptcy Court may direct the Debtor through the Plan Administrator and any other necessary party to execute or deliver or to join the execution or delivery of any instrument required to effect the Plan, and to perform any other act necessary to consummate the Plan.

12.03 **Post-Effective Date Fees and Expenses.** From and after the Effective Date, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, the reasonable fees and expenses of professional persons incurred after the Effective Date by the Debtor through the Plan Administrator shall be paid by the Plan Administrator from the Plan Administrator Reserve, including, without limitation, those fees and expenses incurred in connection with the implementation and consummation of the Plan.

12.04 **Post-Effective Date Statutory Fees.** All fees payable pursuant to § 1930 of Title 28 of the United States Code incurred after the Effective Date shall be paid by the Plan Administrator from the Plan Administrator Reserve in accordance with applicable law. The Plan Administrator shall submit post-confirmation reports in compliance with applicable law.

12.05 **Amendment or Modification of the Plan.** Alterations, amendments or modifications of the Plan may be proposed in writing by the Debtor at any time before the Confirmation Date, provided that the Plan, as altered, amended or modified, satisfies the conditions of §§ 1122 and 1123 of the Bankruptcy Code, and the Debtor shall have complied with § 1125 of the Bankruptcy Code. The Plan may be altered, amended or modified at any time after the Confirmation Date and before substantial consummation, provided that the Plan as altered, amended, or modified satisfies the requirements of §§ 1122 and 1123 of the Bankruptcy Code, and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as altered, amended or modified, under § 1129 of the Bankruptcy Code and the circumstances warrant such alterations, amendments or modifications. A Holder of a Claim or Equity Interest that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim or Equity Interest of such Holder.

12.06 **Severability.** In the event that the Bankruptcy Court determines, before the Confirmation Date, that any provision in the Plan is invalid, void or unenforceable, such provision shall be invalid, void or unenforceable with respect to the Holder or Holders of such Claims or Equity Interests as to which the provision is determined to be invalid, void or unenforceable. The invalidity, voidness, or unenforceability of any such provision shall not limit or affect the enforceability and operative effect of any other provision of the Plan.

12.07 **Revocation or Withdrawal of the Plan.** The Debtor shall have the right to revoke or withdraw the Plan before the Confirmation Date. If the Debtor revokes or withdraws the Plan before the Confirmation Date, then the Plan shall be deemed null and void. In such event, nothing contained herein shall constitute or be deemed a waiver or release of any Claims by or against the Debtor or any other person or to prejudice in any manner the rights of the Debtor or any person in any further proceedings involving the Debtor.

12.08 **Allocation of Plan Distributions Between Principal and Interest.** To the extent that any Allowed Claim entitled to a Distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution shall, for federal income tax purposes, be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

12.09 **Binding Effect.** The Plan shall be binding upon and inure to the benefit of the Debtor and the Holders of Claims and Equity Interests and their respective successors and assigns.

12.10 **Reservation of Rights.** Except as expressly set forth herein, the Plan shall have no force or effect unless and until the Bankruptcy Court enters the Confirmation Order. Neither the filing of the Plan, any statement or provision contained herein, nor the taking of any action by the Debtor or any Entity with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of: (1) the Debtor with respect to the Holders of Claims or Equity Interests or other parties in interest; or (2) any Holder of a Claim or other party in interest prior to the Effective Date.

12.11 **Section 1146 Exemption.** Pursuant to Section 1146(a) of the Bankruptcy Code, any issuance, transfer, or exchange of a security, or the making or delivery of an instrument of transfer pursuant hereto shall not be taxed under any law imposing any stamp tax or other similar tax or governmental assessment in the United States, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such tax or governmental assessment.

12.12 **Section 1125(e) Good Faith Compliance.** The Debtor and its Representatives, shall be deemed to have acted in “good faith” under Section 1125(e) of the Bankruptcy Code.

12.13 **Successors and Assigns.** The rights, benefits and obligations of any Entity named or referred to herein shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Entity.

12.14 **Preservation of Records.** The Plan Administrator shall preserve for the benefit of the Estate, all documents and files, including electronic data hosted on remote servers that are necessary to the prosecution of the Retained Causes of Action and claims resolution process (the “Retained Information”). After the Effective Date, the Plan Administrator shall preserve the Retained Information until the date that is one (1) year following the closing of the Chapter 11 Case. On the Effective Date, the Plan Administrator shall be permitted to abandon (with or without destruction), any information that is not Retained Information.

12.15 **Notices.** To be effective, all notices, requests and demands to or upon the Debtor and Plan Administrator shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by electronic mail, when received, addressed as follows:

*If to the Plan Administrator:*

Joshua Rizack  
The Rising Group Consulting, Inc.  
606 Post Road East, 614  
Westport, CT 06880  
Email: jrizack@therisinggroup.com

With a copy  
to:

Klestadt Winters Jureller Southard  
& Stevens, LLP  
200 West 41<sup>st</sup> Street, 17<sup>th</sup> Floor  
New York, NY 10036  
Tel: (212) 972-3000  
Attn: Fred Stevens  
Brendan M. Scott  
Email: fstevens@klestadt.com  
bscott@klestadt.com

*If to the Debtor:*

Murphy & Durieu, L.P.  
c/o The Rising Group  
606 Post Road East, 614  
Westport, CT 06880  
Email: jrizack@therisinggroup.com

With a copy to: Klestadt Winters Jureller Southard  
& Stevens, LLP  
200 West 41<sup>st</sup> Street, 17<sup>th</sup> Floor  
New York, NY 10036  
Tel: (212) 972-3000  
Attn: Fred Stevens  
Brendan M. Scott  
Email: fstevens@klestadt.com  
bscott@klestadt.com

12.16 **Governing Law.** Except to the extent the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure or other federal law is applicable, or to the extent the Plan provides otherwise, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York without giving effect to the principles of conflicts of law of such jurisdiction.

Dated: New York, New York  
January 24, 2018

MURPHY & DURIEU, L.P.

Debtor and Debtor-in-Possession

By: /s/ Joshua Rizack  
Joshua Rizack, Chief Restructuring  
Officer

APPROVED AS TO FORM:

**KLESTADT WINTERS JURELLER  
SOUTHARD & STEVENS, LLP**

By: /s/ Fred Stevens  
Fred Stevens  
Brendan M. Scott  
200 West 41<sup>st</sup> Street, 17<sup>th</sup> Floor  
New York, New York 10036-7203  
Telephone: (212) 972-3000  
Facsimile: (212) 972-2245

*Counsel for the Debtor and  
Debtor in Possession*

**Exhibit B**

**Liquidation Analysis**

Assets Available For Distribution As Of December 31, 2017	Chapter 7 Liquidation Value	Chapter 11 Plan of Liquidation Value	Notes
Cash			
Pre-Confirmation Cash TD Bank	\$ 15,373	\$ 15,373	[2]
Pershing Cash	678,059	678,059	[3]
Pershing Securities	2,564,447	2,564,447	[4]
<b>Estimated assets available for distribution</b>	<b>3,257,879</b>	<b>3,257,879</b>	
<b>Less: Estimated fees and expenses</b>			
<b>Professional fees (Conversion or Post-Confirmation)</b>			
Trustee fees/Plan Administrator	122,236	24,700	[5] [6]
Professional fees	100,000	10,000	[7] [8]
Bank fees	500	100	[9]
<b>Total professional fees (Conversion or Post-Confirmation)</b>	<b>222,736</b>	<b>34,800</b>	
<b>Estimated net assets available before Chapter 11 claims</b>	<b>3,035,142</b>	<b>3,223,079</b>	
<b>U.S. Trustee Fees</b>			
Pre-Confirmation		325	[10]
Post-Confirmation		4,875	[11]
<b>Total estimated U.S. Trustee Fees</b>	-	<b>5,200</b>	
<b>Estimated Chapter 11 Professional Fees &amp; Expenses</b>			
Professional Fees	200,000	200,000	[12]
<b>Total Estimated Fees and Expenses</b>	<b>200,000</b>	<b>200,000</b>	
<b>Estimated net assets available for distribution</b>	<b>2,835,142</b>	<b>3,017,879</b>	
<b>Payments Under Chapter 7</b>	Claim Amount		
Priority Tax Claim	150,000	\$ 150,000	[13]
Pershing Setoff Claims (Class 1)	-	-	[14]
General Unsecured Claims (Class 2)	4,037,266	2,685,142	[15]
Secured Demand Note Claims (Class 3)	750,000	-	[16]
		2,835,142	
Net Proceeds Remaining for Equity Interests (Class 4)		-	[17]
<b>Payment Under Chapter 11 Plan of Liquidation</b>			
Priority Tax Claim	150,000	150,000	
Pershing Setoff Claims (Class 1)	-	-	
General Unsecured Claims (Class 2)	4,037,266	2,817,879	
Secured Demand Note Claims (Class 3)	750,000	50,000	
		3,017,879	
Available for Equity Interests (Class 4)		-	

**SUMMARY OF DISTRIBUTION UNDER CHAPTER 7 AND CHAPTER 11 PLAN OF LIQUIDATION**

	Chapter 7	% of Claim Paid	Chapter 11 Plan of Liquidation	% of Claim Paid
Priority Tax Claim	\$ 150,000	100.0%	\$ 150,000	100.0%
Pershing Setoff Claims (Class 1)	-	0.0%	-	0.0%
General Unsecured Claims (Class 2)	2,685,142	66.5%	2,817,879	69.8%
Secured Demand Note Claims (Class 3)	-	0.0%	50,000	6.7%
Equity Interest (Class 4)	-	0.0%	-	0.0%

**THE NOTES (EXHIBIT B) ARE AN INTREGAL PART OF THIS ANALYSIS.**

The Management of Murphy & Durieu LP, et al. ("Management") from time to time makes written and oral forward looking statements concerning expectations, beliefs, plans, objectives, future events or performance and underlying assumptions and other statements that are not historical facts. These statements are "forward-looking statements." Generally, the inclusion of the words "believe", "could", "should", "estimate", "expect", "intend", "anticipate", "will", "plan", "target", "forecast", and similar expressions identify statements that constitute "forward-looking" statements." All statements addressing developments that Management expects or anticipates will occur in the future, including statements relating to values, future financial condition, assets, real property and timing of their disposition, as well as statements expressing optimism or pessimism about future results, are forward-looking statements.

The forward-looking statements are based upon then current assumptions regarding future developments and are applicable only as of the dates of such statements. By their nature, all forward-looking statements involve risks and uncertainties, Management assumes no obligation to update or review any forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, whether as a result of new information, future events or otherwise. There can be no assurance that Management has correctly identified and appropriately assessed all factors affecting Grandparents.com, Inc., et al. and its assets. For these reasons, you are cautioned not to place undue reliance on any forward-looking statements.

**MURPHY & DURIEU, L.P.****United States Bankruptcy Court - Southern District of New York****Case No.: 17-22730 (RDD)****Liquidation Analysis – Notes****Exhibit B**

1. Assumes conversion from Chapter 11 to Chapter 7 or Effective Date of the Plan of Liquidation on March 23, 2018 (the "Liquidation Date" or "Effective Date, respectively).
2. The Pre-Confirmation cash balance in the TD Bank account.
3. The Pre-Confirmation cash balance in the Pershing LLC accounts after setoff of any cash held in any Pershing Accounts against any negative balances in any Pershing Accounts.
4. The Pre-Confirmation balance of all securities held in the Pershing LLC accounts.
5. Trustee Fees are based on reasonable compensation allowed under 11 U.S.C, §326.
6. Liquidating Trustee Fees are based on a reserve account to be created under the plan to be used to compensate the Liquidating Trustee.
7. Chapter 7 professional fees represent estimated fees of professionals retained by the Chapter 7 Trustee during the course of the Chapter 7 cases.
8. Liquidating Trust professional fees represent estimated fees of professionals retained by the Liquidating Trustee during the term of the Liquidating Trust including fees for tax preparation.
9. The bank fees charge are minimum monthly fee charged by bank plus minimal wire transfer charges.
10. With respect to Pre-Confirmation U.S. Trustee fees, the Liquidating Trustee shall pay within ten days after the Effective Date all fees incurred under 28 U.S .C. § 1930(a)(6) ("U.S. Trustee Fees") attributable to the Debtors for the period ending on the Effective Date.
11. Post-Confirmation U.S. Trustee Fees are estimated based on quarterly Liquidating Trust disbursements.
12. Chapter 11 professional fees are based on estimates provided by the professionals for services rendered in connection with the Chapter 11 cases through the contemplated Liquidation Date.
13. Priority Tax Claim means any Claim of a governmental unit of the kind entitled to priority in payment as specified in §§ 502(i) and 507(a)(8) of the Bankruptcy Code.

14. Class 1 - Pershing Setoff Claim means the unimpaired Class 1 Claim of Pershing permitting its setoff of any cash held in any Pershing Accounts against any negative balances in any Pershing Accounts.
15. Class 2 - General Unsecured Claim means any Claim other than a Priority Tax Claim, a Professional Fees claim, the Pershing Setoff Claim, a Secured Demand Note Claim, an Equity Interest or an Administrative Expense Claim.
16. Class 3 - Secured Demand Note(s) means those certain Secured Demand Notes by and between the Debtor, as borrower on the one hand and Janine May Scharff, Kristin May Galvin, Pournaras, DeAngelo, Ricciardi and Riccio, respectively, as lenders on the other hand.
17. Class 4 - Equity Interests means any ownership interests in and with respect to the Debtor.