

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

IN RE: :
 : **CHAPTER 11**
MCNEILL GROUP INC., :
 : **BANKRUPTCY NO. 16-14943**
 :
Debtor. :
 :
 :

**SECOND AMENDED DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF
THE BANKRUPTCY CODE DESCRIBING THE FIRST AMENDED PLAN OF
REORGANIZATION PROPOSED BY
MCNEILL GROUP, INC. AS THE DEBTOR AND DEBTOR-IN-POSSESSION**

**PLEASE READ THIS DISCLOSURE STATEMENT CAREFULLY. THIS DISCLOSURE
STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION
TO ACCEPT OR REJECT THE PLAN OF REORGANIZATION. THE DEBTOR
BELIEVES THAT THE PLAN OF REORGANIZATION IS IN THE BEST INTEREST OF
THE CREDITORS AND THAT THE PLAN IS FAIR AND EQUITABLE. THE DEBTOR
URGES THAT THE VOTER ACCEPT THE PLAN.**

Dated: March 13, 2017

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Attorneys for the Debtor

I. INTRODUCTION

McNeill Group, Inc. (the “Debtor”) provides this first amended disclosure statement (the “Disclosure Statement”) to all of its known Creditors and “Interest Holders” entitled to the same pursuant to section 1125 of the United States Code, as amended (the “Bankruptcy Code”) in connection with the first amended plan of reorganization (the “Plan”) filed by the Debtor. A copy of the Plan accompanies the Disclosure Statement. The purpose of the Disclosure Statement is to provide creditors of the Debtor with such information as may be deemed material, important and necessary in order to make a reasonably informed decision in exercising the right to vote on the Plan. The capitalized items used in this Disclosure Statement, if not defined herein, shall have the same meaning as indicated in the Plan.

NO REPRESENTATION CONCERNING THE DEBTOR-IN-POSSESSION (INCLUDING THOSE RELATING TO FUTURE OPERATIONS, THE VALUE OF ASSETS, ANY PROPERTY, OR CREDITORS AND OTHER CLAIMS) INCONSISTENT WITH ANYTHING CONTAINED HEREIN HAVE BEEN AUTHORIZED.

On July 12, 2016 (the “Petition Date”), the Debtor and Debtor-in-Possession commenced a bankruptcy case by filing a voluntary petition under chapter 11 of title 11 of the Bankruptcy Code. Since the Petition Date, the Debtor has continued in the operation of its business as a Debtor-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code. The Debtor’s affiliate, McNeill Properties V, LLC (“Prop V”), filed a voluntary petition under Chapter 11 of the Bankruptcy Code on July 12, 2016. Prop V filed its own plan of reorganization on October 7, 2016 (the “Prop V Plan”).

A. Purpose of this Document.

This Disclosure Statement summarizes the treatment in the Plan and tells you certain information relating to the Plan by describing the process that the Court follows in determining whether or not to confirm the Plan.

READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO KNOW ABOUT:

- (1) WHO CAN VOTE OR OBJECT,**
- (2) THE PROPOSED TREATMENT OF YOUR CLAIM (i.e., what your claim will receive if the Plan is confirmed), AND HOW THIS TREATMENT COMPARES TO WHAT YOU WOULD RECEIVE IN LIQUIDATION,**
- (3) THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS DURING THE BANKRUPTCY;**
- (4) WHAT THE COURT WILL CONSIDER WHEN DECIDING WHETHER TO CONFIRM THE PLAN,**
- (5) THE EFFECT OF CONFIRMATION, AND**
- (6) THE FEASIBILITY OF THE PLAN.**

This Disclosure Statement cannot tell you everything about your rights. You should consider consulting your own attorney to obtain more specific advice on how this Plan will affect you and what is the best course of action for you.

Be sure to read the Plan as well as the Disclosure Statement. The Plan is the legally operative document regarding the treatment of Claims and Interests and the terms and conditions of the Debtor's reorganization. Accordingly, to the extent that there are any inconsistencies between the

Plan and 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 as information of a kind, and in sufficient detail that would enable a hypothetical reasonable investor typical of holders of claims or interests of the debtor to make an informed decision about accepting or rejecting the Plan. The Bankruptcy Court has determined that the information contained in this Disclosure Statement is adequate, and it has approved this document in accordance with Bankruptcy Code section 1124.

This Disclosure Statement is provided to each Creditor whose Claim has been scheduled by the Debtor or who has filed a proof of claim against the Debtor and to each interest holder of record as of the date of filing of this Disclosure Statement. Under the Bankruptcy Code, your acceptance of the Plan may not be solicited unless you receive a copy of this Disclosure Statement prior to or concurrently with such solicitation.

B. Brief Explanation of Chapter 11

Chapter 11 is the principal business reorganization section of the Bankruptcy Code. Pursuant to Chapter 11, a Debtor is permitted to reorganize its business affairs for its own benefit and that of its creditors and other interest holders.

The objective of a Chapter 11 case is the formulation of a plan of reorganization of the Debtor and its affairs. Creditors are given an opportunity to vote on any proposed plan, and the plan must be confirmed by the Bankruptcy Court to be valid and binding on all parties. Once the plan is confirmed, all Claims against the Debtor which arose before the Chapter 11 proceeding was initiated are extinguished, unless specifically preserved in the Plan.

C. Disclaimers

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN, AND NOTHING CONTAINED IN IT SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE PLAN OR OTHER LEGAL EFFECTS OF THE REORGANIZATION ON DEBTOR, HOLDERS OF CLAIMS OR INTERESTS, OR THE REORGANIZED DEBTOR. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF AND THE STATEMENTS AND REPRESENTATIONS CONTAINED HEREIN ARE MADE SOLELY BY OR AT THE INSTANCE OF THE PLAN PROPONENT.

NO REPRESENTATIONS CONCERNING THE PLAN ARE AUTHORIZED BY THE PLAN PROPONENT OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. THE PLAN PROPONENT DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT INACCURACIES.

CERTAIN OF THE INFORMATION PROVIDED, BY ITS NATURE, IS FORWARD LOOKING, CONTAINS ESTIMATES AND ASSUMPTIONS WHICH MAY PROVE TO BE FALSE OR INACCURATE AND CONTAINS PROJECTIONS WHICH MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE EXPERIENCES. SUCH ESTIMATES AND ASSUMPTIONS ARE MADE FOR INFORMATIONAL PURPOSES ONLY. PLEASE NOTE THAT THE APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A RULING ON THE MERITS, FEASIBILITY OR

DESIRABILITY OF THE PLAN.

II. VOTING PROCEDURE

The Bankruptcy Court reviewed this Disclosure Statement and entered an Order determining that it contained “adequate information” such that creditors can meaningfully evaluate the Plan. Only after creditors have had an opportunity to vote on the Plan will the Court consider the Plan and determine whether it should be approved or confirmed.

All creditors entitled to vote on the Plan may cast its vote for or against the Plan by completing, dating, signing and causing the Ballot Form accompanying this Disclosure Statement to be returned to the following address in the enclosed envelope:

Albert A. Ciardi, III, Esquire
Nicole M. Nigrelli, Esquire
Daniel S. Siedman, Esquire
Ciardi Ciardi & Astin
One Commerce Square
2005 Market Street, Suite 3500
Philadelphia, PA 19103

**BALLOTS MUST BE RECEIVED ON OR BEFORE 5:00 P.M. ON _____, 2017
TO BE COUNTED IN THE VOTING. BALLOTS RECEIVED AFTER THIS TIME WILL NOT
BE COUNTED IN THE VOTING UNLESS THE COURT SO ORDERS. THE DEBTOR
RECOMMENDS A VOTE “FOR ACCEPTANCE” OF THE PLAN.**

A. Persons Entitled to Vote on Plan

Only the votes of classes of Claimants and Interest Holders which are Impaired by the Plan are counted in connection with confirmation of the Plan. Generally, and subject to the specific provisions of section 1124 of the Bankruptcy Code, this includes creditors who, under the Plan, will receive less than payment in full of its Claims.

In determining the acceptance of the Plan, a vote will only be counted if submitted by a creditor whose Claim is duly scheduled by the Debtor as undisputed, non-contingent and unliquidated, or who has timely filed with the Court a proof of claim which has not been objected to or disallowed prior to computation of the votes on the Plan. The Ballot Form does not constitute a proof of claim. If you are in any way uncertain if your Claim has been correctly scheduled, you may check the Debtor's Schedules which are on file in the Bankruptcy Court, but it is suggested that you file a proof of claim. The Clerk of the Bankruptcy Court will not provide this information by telephone.

B. Hearing on Confirmation

The Bankruptcy Court will set a hearing to determine whether the Plan has been accepted by the requisite number of creditors and whether the other requirements for confirmation of the Plan have been satisfied. Each creditor will receive, either with this Disclosure Statement or separately, the Bankruptcy Court's Notice of Hearing on Confirmation of the Plan.

C. Acceptances Necessary to Confirm Plan

At the scheduled confirmation hearing, the Bankruptcy Court must determine, among other things, whether the Plan has been accepted by each impaired class. Under section 1126 of the Bankruptcy Code, an impaired class is deemed to have accepted the Plan if at least 2/3 in amount and

more than 1/2 in number of the Allowed Claims of class members who have voted to accept or reject the Plan have voted for acceptance of the Plan. Further, unless there is acceptance of the Plan by all members of an impaired class, the Bankruptcy Court must also determine that under the Plan class members will receive property of a value, as of the Effective Date of the Plan, that is not less than the amount that such class members would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date of the Plan.

D. Confirmation of the Plan Without the Necessary Acceptances

The Plan may be confirmed even if it is not accepted by all of the impaired classes if the Bankruptcy Court finds that the Plan, (1) does not discriminate unfairly against such class or classes, (2) such class or classes will receive or retain under the Plan not less than the amount the Claimant would receive if the Debtor were liquidated under Chapter 7; and (3) is fair and equitable as to such class or classes as set forth in section 1129(b) of the Bankruptcy Code. Section 1129(b) of the Bankruptcy Code requires that, among other things, the Claimant must either receive the full value of its Claims or, if it receives less, no class with junior priority may receive anything. If the class of Unsecured Claims does not accept the Plan and the Plan does not propose to pay the class its Allowed Claims in full, no junior class may retain its equity interest, unless the shareholders contribute new money related to its participation in equity. In short, this provision provides that creditors are entitled to priority over stock holders against the property of an insolvent corporation, to the extent of its debts. The stockholder's interest in the property is subordinate to the rights of the creditors; first of secured and then of unsecured creditors.

The Debtor-in-Possession may, at its option, choose to rely upon this provision to seek confirmation of the Plan if it is not accepted by an impaired class or classes of Creditors.

III. BACKGROUND OF THE DEBTOR

A. History and Cause of Bankruptcy

As set forth above, on July 12, 2016, Group commenced this bankruptcy case by filing a voluntary petition under chapter 11 of title 11 of the Bankruptcy Code. On that same day, Prop V commenced a separate bankruptcy case by filing a voluntary petition under chapter 11 of the Bankruptcy Code. The Group and Prop V bankruptcy cases were jointly administered by order of the Bankruptcy Court on July 30, 2014. See Case No. 16-14943, Docket Item 56. The Prop V Plan was filed on October 7, 2016.

On July 13, 2016, Ciardi Ciardi & Astin filed an application to be retained as counsel for the Debtor. On August 24, 2016, this Court entered an Order granting the Application to employ Ciardi Ciardi & Astin as counsel to the Debtor. See Docket Item 50. No trustee or examiner has been appointed in this Chapter 11 case. As of the day of the filing of the Plan, no creditors' committee has been appointed in this Chapter 11 case by the United States Trustee.

In 1991, Edward J. McNeill, Jr. ("McNeill") started Group as an advertising outsource provider selling advertising for consumer and trade magazines. Group was contracted to sell reprints for selected publishers. Eventually, Group morphed into a full-service company that assisted trade, consumer and association publishers by increasing their revenue and lowering their costs through outsourced advertising sales, custom publishing and reprint programs.

In 1995, Group created and published Multifamily Executive Magazine, a magazine dedicated to owners and investors of multifamily housing units. Subsequent to the launch of the magazine, Group successfully launched the Multifamily Executive Conference and grew the conference to over two thousand (2000) attendees plus exhibitors and sponsors. In 2002, Group

sold Multifamily Executive Magazine and Multifamily Executive Conference to Handley Wood.

In 2005, Group purchased Lodging Magazine, the official magazine of the American Hotel and Lodging Association. Lodging Magazine is a forty (40) year old magazine that publishes twelve (12) monthly issues. Recently, Lodging Magazine has grown and expanded to include digital publishing.

Although Group was profitable at this time, McNeill saw the shift to digital and in 2008, started to transition Group from print media to digital media. As a result, Group's core business changed dramatically. With the shift in the advertising market from print to online, the media industry experienced a dramatic reduction in advertising which ultimately affected Group's revenues. This trend continued through 2014.

In 2015, Group made a conscious decision to eliminate any client based businesses reliant on advertising sales support. Moreover, Group started to contract and produce custom magazines and content that were fee based. This effort produced a thirty percent (30%) profit margin for each title. At this same time, Group put a significant amount of effort into fully transitioning Lodging Magazine from exclusively print to digital, while also introducing vertical newsletters. The change to digital greatly reduced the cost of production by eliminating printing and mailing costs.

In the past year, Group also reduced the full-time workforce from twenty-five (25) employees to thirteen (13). Any future growth needs will be met through outsourcing and use of part-time employees since all custom publishing business is contracted work. Currently, much of the custom publishing work has been assumed by existing staff writers and interns. Group further reduced expenses by rebidding all paper and production services and limiting company

travel and expense.

Prior to the Petition Date, Group acquired two (2) new custom publishing assignments. Also, Group created and published an on-line daily newsletter, LODGING DAILY NEWS. In its first year of publication the daily has over 50,000 subscribers and is growing monthly. Advertising revenue is \$150,000 for 2016 and climbing. Group created and published three vertical on-line newsletters; Lodging Real Estate and Finance, Lodging Operations and Technology, and Lodging Education. Each product has its own audience and vertical advertisers. LODGING MAGAZINE'S advertising sales and market share continue to grow year after year.

In 2001, the Debtor, through an affiliate which has now been merged into the Debtor, purchased the real property at 385 Oxford Valley Road, Yardley, Pennsylvania (the "Property"). Currently, the Debtor bases its operations out of the Property. In order to finance the purchase of the Property, the Debtor obtained secured financing from Northfield Bank ("Northfield"). In addition to the space that the Debtor occupies, there are three (3) additional suites. Although the Debtor is receiving revenue in all the suites, there is a vacant space on the lower level that is approximately four thousand (4000) square feet. The Property is currently valued at \$3,500,000.00 and brings in roughly \$18,000.00 in revenue from its tenants (not counting the rent allocation from Group).

The Debtor's affiliates, Lawrenceville Gym, LLC ("Lawrenceville Gym") and McNeill Properties V LLC, had a financing arrangement with Provident Bank for loans made to those companies. As discussed more fully in the Prop V Plan, in 2015, McNeill entered into a forbearance agreement with Provident and was forced to pledge additional security for Lawrenceville Gym. As a result, Group executed a guaranty agreement. Due to the issues

between Provident and Lawrenceville, Provident entered judgment in March of 2016 against Group as a guarantor to Lawrenceville Gym. Thereafter, in June of 2016, Provident transferred its judgment from New Jersey to Bucks County, Pennsylvania. Immediately after transferring the judgment, Provident filed a writ of execution against Group and attempted to levy Group's bank accounts. As a result of the levy on its accounts, Group was forced to seek bankruptcy relief. Despite the actions of Provident, Group continues to operate as a debtor-in-possession and has not seen any decrease in clients or opportunities as a result of the bankruptcy filing.

LIQUIDATION ANALYSIS

On a liquidation basis, in the context of an auction or conversion of the above-referenced case to a Chapter 7, the Property will not achieve a value in excess of the amounts currently owed to the Debtor's Secured Creditors. In the event that the Debtor is forced to liquidate, said liquidation would result in a zero distribution for unsecured creditors after costs of sale and administrative claims that is significantly lower than the payoff set forth in the Debtor's Plan. See Liquidation Analysis prepared by Debtor attached hereto as Exhibit "A". The Debtor is using a value of \$3,500,000.00 for the Property based on \$175 a square foot (market value).

C. Management of the Debtor

The Debtor will continue to be managed by the owner/president, Edward J. McNeill, Jr.

D. Significant Events During the Bankruptcy

a. Bankruptcy Proceedings

- i. On July 12, 2016, the Debtor filed its petition under chapter 11.
- ii. On July 13, 2016, the Debtor filed an Emergency Motion for Use of Cash Collateral to continue the operation of its business and pay its employees.

- iii.** On or about July 15, 2016, the Debtor was granted interim use of cash collateral.
- iv.** On August 11, 2016, the Debtor filed its Schedules of Assets and Liabilities and Statement of Financial Affairs.
- v.** On August 16, 2016, an Order approving the Debtor's Application to Employ Ciardi Ciardi & Astin as Counsel to the Debtor was entered.
- vi.** On or about August 24, 2016, the Debtor filed a Motion to assume the subscription contract with Getty Images and cure the default. Getty Images is a photo stock company that the Debtor had a pre-existing contract to perform work. The assumption of the contract, along with curing the default, allowed the Debtor to continue to use Getty Images for its digital publishing.
- vii.** On the same day, the Debtor filed its Notice of Intention to Compensate Mr. Edward J. McNeill as an officer of the company.
- viii.** Also on August 24, 2016, an Order was entered granting McNeill Properties V, LLC and McNeill Group, Inc.'s Joint Administration Motion.
- ix.** On or about August 29, 2016, the Debtor filed an amended Schedule F and provided further detail to its unsecured creditors as requested by the Trustee.
- x.** On September 2, 2016, the Court granted the Debtor's further use of cash collateral.

- xi.** On or about September 20, 2016, the Debtor filed Motion to set last date to file Proof of Claims. The Court entered an Order setting a deadline of November 21, 2016 for all non-government entitles and January 8, 2017 for all government entities.
- xii.** On or about September 21, 2016, the Court granted the Debtor's Motion to Assume the Contract with Getty Images.
- xiii.** Also on September 21, 2016, the Debtor filed its Initial Monthly Operating Report.
- xiv.** On or about September 28, 2016, the Debtor file an Application to Employ Friedman, LLP as Accountants. Friedman, LLP will assist the Debtors with all accounting services, including, but not limited to, assisting in preparation of quarterly and annual financial statements and monthly operating reports.
- xv.** On or about September 30, 2016, the Court granted the Debtor's further use of cash collateral.
- xvi.** On or about October 3, 2016, the Debtor file an Application to Employ Young Adjustment Company to assist the Debtor in its insurance claim against Philadelphia Insurance Company. The Court approved the adjuster's application and the public adjuster is working with the Debtor and the insurance company to liquidate the remaining insurance claims. At this time, the claims are still under review by the insurance company.

- xvii. On or about October 12, 2016, the Debtor filed an Amended Application to Employ Friedman, LLP as accountants in order to address issues raised by the Trustee. On or about November 2, 2016, the Court approved the application to retain Friedman and Friedman has commenced work.
- xviii. On January 11, 2017, the Court approved a term sheet by and between the Debtor and Aria Health Physician Services d/b/a Aria Jefferson Physician Services for the lease of approximately 3,500 square feet of space.
- xix. In addition, on January 11, 2017, the Court also approved a termination agreement by and between the Debtor and Specialized Educations Services, Inc.

b. Actual and Projected Recovery of Preferential or Fraudulent Transfers.

The Debtor believes no causes of action exist. Accordingly, the Debtor does not intend to file any preferential or fraudulent transfer claims.

E. Post Bankruptcy Operations

Since the Filing Date, the Debtor has filed all operating reports and has paid all required fees to the Office of the United States Trustee. The Debtor will continue to file all reports and pay all fees as they become due. The Debtor has also taken significant steps to increase its profitability and efficiency. These actions are discussed, *infra*, at section IV(E)(5).

F. Projections and Assumptions

Attached hereto as **Exhibit "B"** is the Debtor's Plan Budget and accompanying Assumptions.

IV. SUMMARY OF PLAN OF REORGANIZATION

A. What Creditors and Interest Holders Will Receive Under the Proposed Plan.

The Plan classifies Claims and Interests in various classes. The Plan states whether each class of Claims or Interests is impaired or unimpaired. The Plan provides the treatment each class will receive. The following is a brief summary of the Plan and is qualified in its entirety by the full text of the Plan itself. The Plan, if confirmed, will be binding upon the Debtor, its creditors and shareholders. All creditors are urged to carefully read the Plan.

B. Unclassified Claims.

Certain types of Claims are not placed into voting classes. They are not considered Impaired and they do not vote on the Plan because they are automatically entitled to specific treatment provided for them in the Bankruptcy Code. As such, the Proponent has not placed the following Claims in a class:

1. Administrative Expenses and Fees

Administrative expenses are Claims for fees, costs or expenses of administering the Debtor' chapter 11 cases which are allowed under the Bankruptcy Code section 507(a)(1), including all professional compensation requests pursuant to section 330 and 331 of the Bankruptcy Code.

i. Time for Filing Administrative Claims

The holder of an Administrative Claim, other than (i) a Fee Claim or (ii) a liability incurred and paid in the ordinary course of business by the Debtor, must file with the Bankruptcy Court and serve on the Debtor and its counsel, notice of such Administrative Claim within (30) days after the Confirmation Date. Such notice must include at minimum (i) the name of the holder of the Claim, (ii) the amount of the Claim and (iii) the basis of the Claim. Failure to file this notice timely and

properly shall result in the Administrative Claim being forever barred and discharged.

ii. Time for Filing Fee Claims

On January 11, 2017, Ciardi Ciardi & Astin filed its First Interim Application for Compensation and Reimbursement of Expenses as Counsel to the Debtor in the amount of \$68,864.00 for services rendered and \$4,211.83 for reimbursement of expenses for the period of July 12, 2016 through November 30, 2016. Each professional person who holds or asserts an Administrative Claim that is a Fee Claim incurred before the Effective Date shall be required to file with the Bankruptcy Court a fee application within sixty (60) days after the Effective Date. Failure to file the fee application timely shall result in the Fee Claim being forever barred and discharged.

iii. Allowance of Administrative Claims

An Administrative Claim with respect to which notice has been properly filed pursuant to Section 5.1 (a) the Plan shall become an Allowed Administrative Claim if no objection is filed after thirty (30) days lapses from the filing and service of notice of such Administrative Claim. If an objection is filed within such (30) day period, the Administrative Claim shall become an Allowed Administrative Claim only to the Extent allowed by Final Order.

iv. Payment of Allowed Administrative Claim

Administrative claims of non-professionals are estimated at \$0.00. Each holder of an Allowed Administrative Claim shall receive (i) the amount of such holder's Allowed Claim upon the Effective Date, (ii) such other treatment as may be agreed upon in writing by the Debtor and such holder as long as no payment is made thereon prior to the Effective Date so long as such modification of treatment made by the Debtor and any holder of an allowed administrative claim does not impair any other class, or (iii) as may be otherwise ordered by the Court, provided that an

Administrative Claim representing a liability incurred in the ordinary course of business by the Debtor may be paid in the ordinary course of business.

v. **Professionals Fees Incurred After the Effective Date**

Any professional fees incurred by the Debtor after the Effective Date must be approved by the Debtor and, thereafter, paid. Neither Bankruptcy Court approval, nor consent of creditors whose claims may be impaired by the payment of post-confirmation Professional Fees, is required. Any dispute which may arise with regard to professional fees after the Effective Date shall be submitted to the Bankruptcy Court, which shall retain jurisdiction to settle these types of disputes.

2. **Priority Tax Claims** Priority Tax Claims are certain unsecured income, employment and other taxes described by Bankruptcy Code section 507(a)(8). The Debtor seeks to pay the amount of the Priority Tax Claims in equal payments over sixty (60) months. These claims were originally set forth at \$278,129.06. However, the Debtor has filed tax returns and, therefore, the amount of the outstanding priority tax debt has been reduced by \$34,595.00. The Debtor is still in process of determining the Priority Tax Claims.

C. **Treatment of Classes of Claim**

The Plan divides Claims and Interests into various separate classes. Under the Plan, there are five (5) separate classes of creditors (classes 1 through 5).

Class 1. Secured Claim of the Northfield Bank. Class 1 is impaired. Northfield entered into four (4) separate loans with the Debtor pre-petition in the aggregate amount of \$4,169,532.80 which is made up of the following amounts: \$2,609,823.71 (original Promissory Note and Mortgage dated May 13, 2009) (“Loan 1”), \$1,368,504.30 (Promissory Note dated December 21, 2012) (“Loan 2”), \$148,704.79 (revolving Line of Credit dated December 21, 2012)

("Loan 3"); and \$42,500.00 (Promissory Note dated June 6, 2014) ("Loan 4")(collectively, Loan 1, Loan 2, Loan 3 and Loan 4 shall be referred to herein as the "Loans"). The Loans are evidenced, inter alia, by a Note, Mortgage and other loan documents executed pre-petition. Hereinafter, such loan documents shall be referred to as the "Pre-Petition Loan Documents." Except as otherwise provided herein, the treatment and consideration to be received by Class 1 shall be in full settlement, satisfaction, release and discharge of its respective Claims and Liens.

A. Treatment

As of the Petition Date, the aggregate amount allegedly due and owing to Northfield was \$4,169,532.80, which includes interest and fees through the Petition Date.

- (i) As to Loan 1, Northfield's treatment shall follow the pre-petition loan documents. The essential terms are as follows:
 - (a) All adequate protection payments made prior to the Effective Date shall be applied to principal and interest;
 - (b) The interest rate on Loan 1 re-sets every five (5) years (next re-set is in 2019) and the interest rate is currently 4.55%;
 - (c) The maturity date on Loan 1 will be 2034;
 - (d) The Debtor shall maintain insurance and pay all post-petition taxes as they become due;
 - (e) Northfield shall retain its lien until the Loan 1 is paid in Full; and
 - (f) Loan 1 will include post -petition interest at the contract rate set forth in the pre-petition loan documents and legal fees as an over secured creditor as set forth in 11 U.S.C § 506(b).

- (ii) As to Loan 2, Northfield shall be treated as follows:
 - (a) All adequate protection payments made prior to the Effective Date shall be applied to principal and interest;
 - (b) Payments on Loan 2 will be interest only commencing the first day of the first calendar month after the Effective Date and continuing for twelve (12) months with interest accruing at the contract rate;
 - (c) Commencing on the first anniversary of the Effective Date, the Debtor will make monthly payments of principal and interest for forty-eight (48) months based on a twenty-five (25) year amortization schedule;
 - (d) All financial covenants for debt service coverage or loan to value ratios set forth in the Pre-Petition Loan Documents are eliminated;
 - (e) The Debtor shall maintain insurance and pay all post-petition taxes as they become due;
 - (f) Northfield shall retain its lien until Loan 2 is paid in Full;
 - (g) Loan 2 will include post -petition interest at the contract rate set forth in the pre-petition loan documents and legal fees as an over secured creditor as set forth in 11 U.S.C § 506(b); and
 - (h) On the sixty-first month after the Effective Date, all remaining principal shall be paid in full.

- (iii) As to Loan 3, Northfield shall be treated as follows:
 - (a) All adequate protection payments made prior to the Effective Date shall be applied to principal and interest;
 - (b) Payments on Loan 3 will be interest only commencing the first day of the first calendar month after the Effective Date and continuing for twelve (12) months with interest accruing at the contract rate;
 - (c) Commencing on the first anniversary of the Effective Date, the Debtor will make monthly payments of principal and interest for

forty-eight (48) months based on a twenty-five (25) year amortization schedule;

- (d) All financial covenants for debt service coverage or loan to value ratios set forth in the Pre-Petition Loan Documents are eliminated;
 - (e) The Debtor shall maintain insurance and pay all post-petition taxes as they become due;
 - (f) Northfield shall retain its lien until Loan 3 is paid in Full;
 - (g) Loan 3 will include post -petition interest at the contract rate set forth in the pre-petition loan documents and legal fees as an over secured creditor as set forth in 11 U.S.C § 506(b); and
 - (h) On the sixty-first month after the Effective Date, all remaining principal shall be paid in full.
- (iv) As to Loan 4, Northfield shall be treated as follows:
- (a) All adequate protection payments made prior to the Effective Date shall be applied to principal and interest;
 - (b) Payments on Loan 4 will be interest only commencing the first day of the first calendar month after the Effective Date and continuing for twelve (12) months with interest accruing at the contract rate;
 - (c) Commencing on the first anniversary of the Effective Date, the Debtor will make monthly payments of principal and interest for forty-eight (48) months based on a twenty-five (25) year amortization schedule;
 - (d) All financial covenants for debt service coverage or loan to value ratios set forth in the Pre-Petition Loan Documents are eliminated;
 - (e) The Debtor shall maintain insurance and pay all post-petition taxes as they become due;
 - (f) Northfield shall retain its lien until Loan 4 is paid in full;

- (g) Loan 4 will include post -petition interest at the contract rate set forth in the pre-petition loan documents and legal fees as an over secured creditor as set forth in 11 U.S.C § 506(b); and
- (h) On the sixty-first month after the Effective Date, all remaining principal shall be paid in full.

A true and correct copy of the Forbearance Agreement memorializing the terms between the Debtor and Northfield is attached hereto as **Exhibit “C.”**

Class 2. Secured Claim of Bucks County Tax Claim Bureau. Class 2 consists of the real estate taxes due and owing to Bucks County Tax Claim Bureau for the Real Property. Class 2 is Impaired. As of the Petition Date, the Class 2 Claim was \$111,097.53 (the “Real Estate Tax Claim”). Commencing on the Effective Date, the Class 2 Claimant shall receive twenty-four (24) equal monthly payments of \$4,486.00 in full settlement, satisfaction, release and discharge of the Real Estate Tax Claim.

Class 3. Unsecured Claims. Class 3 consists of the Unsecured Claims of all creditors other than Provident Bank. Class 3 is impaired. The Debtor proposes to pay the holders of Allowed General Unsecured Claims in full, a total amount of \$316,005.69, by distributing \$5,267.00 on a pro rata basis, monthly, for sixty (60) months commencing on the Effective Date. The treatment and consideration to be received by holders of Class 3 Allowed Claims shall be in full settlement, satisfaction, release and discharge of their respective Claims and Liens.

Class 4. Provident Bank. Class 4 is impaired. Class 4 consists of (i) the deficiency claim, if any, of Provident Bank (“Provident”) resulting from the Provident Claim (as defined in the Prop V Plan) and (ii) the Provident Attorney Fee Claim, defined *infra*.

Provident shall be entitled to a claim equal to all attorneys' fees and expenses which amount is estimated at \$200,000.00 (the "Provident Attorney Fee Claim"). Commencing on the Effective Date, Provident shall receive \$500.00 a month for the first six (6) months, then \$1,500.00 a month thereafter (the "Provident Payments") until the Provident Attorney Fee Claim is paid in full. Once the Provident Attorney Fee Claim has been paid in full, the Provident Payments shall be applied to the Provident Claim until the Provident Claim is paid in full.

In addition, if Prop V fails to make the necessary payments on the Provident Claim, Provident may be entitled to a deficiency claim. The Provident Claim is fully secured in the case of Prop V and will be paid in full under that plan of reorganization in that case. If an event of default occurs in Prop V case, once Provident has liquidated its collateral, the deficiency claim, if any, shall be treated in this class and paid in full over sixty (60) months.

Class 5. Interest Holders. Class 5 consists of the equity interests of the Debtor. Class 5 is impaired. All existing interests shall be retained by the current holders of said interests. Holders of Class 5 claims shall not receive a distribution until the holders of Claims in Classes 2, 3 and 4 are paid in full.

D. Estimation of Distribution to Unsecured Creditors

It is estimated that Unsecured Creditors will receive approximately 100% of their claims in monthly payments for sixty (60) months distributed on a *pro rata* basis commencing on the Effective Date.

E. Implementation of the Plan

1. Execution of Documents. Prior to the Effective Date, the Debtor is authorized and directed to execute and deliver all documents and to take and to cause to be taken all action necessary or appropriate to execute and implement the provisions of this Plan.

2. Alterations, Amendments or Modifications. This Plan may be altered, amended, or modified by the Proponent before or after the Confirmation Date, as provided in §1127 of the Bankruptcy Code.

3. Final Decree. After final distributions are made, the Debtor shall file a motion to close the case and request that a final decree be issued. The Debtor shall promptly file all interim and final plan implementation reports and pay any fees owed to the Office of the United States Trustee.

4. Retention and Enforcement of Claims. Pursuant to section 1123(b)(3)(B) of the Bankruptcy Code, the Reorganized Debtor shall retain and may enforce any and all claims of the Debtor on behalf of, and as a representative of, the Debtor or its estate, including, without limitation, all claims arising or assertable at any time under the Bankruptcy Code, including under 11 U.S.C. §§ 510, 542, 543, 544, 545, 547, 548, 549, 550, 552 and 553 thereof.

5. Actions Taken to Increase Profitability. Group has taken the following steps to increase profitability:

a. The office space occupied by Group has been reduced and is now available for a new tenant. The new tenant, upon Court approval, would have a five (5) year lease starting at \$7.00 a square foot with a \$1.00 per square foot increase every year. Additionally, the new tenant has invested money to improve and outfit the space.

b. The downstairs tenant, SESI, vacated its lease space with ten (10) months left on their lease. Group has recently received approval from the Court to enter into a lease agreement with Aria Hospital for the rental of four thousand (4000) square feet for ten (10) years and invest over \$150,000.00 in the space. The Debtor believes the remaining twenty-five hundred (2500) square feet will attract other medical tenants once Aria Hospital moves into the space.

c. Group is in negotiation with three (3) corporate clients for 2017 custom publishing jobs.

d. The Debtor's intends to grow Lodging Media's revenue by twenty (20%) percent.

e. The Debtor also seeks to add new custom publishing contracts both print and digital.

f. To meet the needs of growing advertising inquiries, a seasoned salesperson mostly commission compensated has been hired to sell the cisatlantic and northeastern territory.

The Debtor assumes the leases and executory contracts listed on Exhibit "D," upon Confirmation.

6. Plan Funding. The Plan will be funded through the Debtor's ongoing operations as set forth in the Plan Budget attached hereto as **Exhibit "B"**.

V. PROVISIONS GOVERNING DISTRIBUTIONS, DISCHARGE AND GENERAL PROVISIONS

A. Distributions

Edward J. McNeill Jr. shall be the disbursing agent ("Disbursing Agent"). The Disbursing Agent shall have the sole and exclusive right to make the distributions required by the Plan. The Disbursing Agent may hold or invest the funds in one or more accounts, provided that all investments shall be made in accordance with section 345 of the Bankruptcy Code. The Disbursing

Agent shall serve without bond and shall receive no compensation for his duties as the Disbursing Agent.

1. Delivery of Distributions

Distributions and deliveries to holders of Allowed Claims will be made at the addresses set forth on the proofs of claim filed by the holders (or at the last known address). If any holder's distribution is returned as undeliverable, no further distributions to the holder will be made unless and until the Reorganized Debtor is notified of the holder's then current address, at which time all missed distribution will be made to the holder without interest. After one year from the payment date all unclaimed property will become property of the Reorganized Debtor, and the Claim of any holder with respect to such property will be discharged and forever barred.

2. Means of Cash Payment

Payments made pursuant to the Plan will be in United States funds, by check drawn on a domestic bank or by wire transfer from a domestic bank. All distributions will be made by Debtor.

3. Time Bar to Cash Payments

Checks issued by the Debtor in payment of Allowed Claims will be null and void if not cashed within ninety (90) days of the date of its issuance. Requests for re-issuance of any check shall be made to the Disbursing Agent by the holder of the Allowed Claim to which the check originally was issued. Any Claim relating to a voided check must be made on or before the later of (i) the first anniversary of issuance, or (ii) ninety (90) days after the date the check was voided. After that date, all Claims relating to a voided check will be discharged and forever barred and shall be revested in the Reorganized Debtor.

4. Setoffs

The Debtor may, but will not be required to, set off against any Claim and the payments to be made pursuant to the Plan in respect of the Claim, any Claims of any nature whatsoever the Debtor may have against the Claimant, but neither the failure to do so nor the allowance of any Claim hereunder will constitute a waiver of release by the Debtor of any such claim the Debtor may have against such Claimant.

5. De Minimis Distributions

No payment of less than twenty-five dollars (\$25.00) will be made by the Disbursing Agent to any creditor unless a request is made in writing to the Reorganized Debtor to make such a payment by the Effective Date of the Plan.

6. Saturday, Sunday or Legal Holiday

If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but will be deemed to have been completed as of the required date.

7. After the Effective Date, the Reorganized Debtor shall be entitled to operate its property without any restrictions of the Bankruptcy Code and without any supervision of the Bankruptcy Court.

8. No default shall be declared under this Plan, unless any payment due under this Plan shall not have been made within thirty (30) days after written notice to the Debtor and counsel for the Debtor of failure to make payment when due under the Plan.

VI. CRAMDOWN PROVISIONS AND CONFIRMATION REQUEST

In the event that sufficient votes to confirm said Plan are not received, the Debtor requests confirmation of the Plan pursuant to the provisions to the provisions of section 1129(b) of the Bankruptcy Code.

VII. MODIFICATION OF THE PLAN

A. Pre-Confirmation Modification

At any time before the Confirmation Date, the Plan may be modified by the Proponent, provided that the Plan, as modified, does not fail to meet the requirements of sections 1122 and 1123 of the Bankruptcy Code. In the event that there is a modification of the Plan, then the Plan as modified shall become the Plan.

B. Pre-consummation Modification

At any time after the Confirmation Date of the Plan, but before substantial consummation of the Plan, the Plan may be modified by the Proponent, provided that the Plan, as modified, does not fail to meet the requirements of sections 1122 and 1123 of the Bankruptcy Code. The Plan, as modified under this section, becomes a Plan only if the Court, after notice and hearing, confirms such Plan, as modified, under section 1129 of the Bankruptcy Code.

C. Non-Material Modifications

At any time, the Proponent may, without the approval of the Court, so long as it does not materially or adversely affect the interest of Creditors, remedy any defect or omission, or reconcile any such inconsistencies in the Plan or in the Confirmation Order, as such matters may be necessary to carry out the purposes, intent and effect of this Plan.

VIII. RETENTION OF JURISDICTION

The Court shall retain jurisdiction of the case after the Confirmation Date for the following purposes:

(a) to determine any and all objections in the allowance of claims and amendments to schedules;

(b) to classify the Claim of any Creditor and to re-examine Claims which have been allowed for purposes of voting, to determine such objections as may be filed to Claims;

(c) to determine any and all disputes arising under or in connection with the Plan, the sale of any of the Debtor's assets, collection or recovery of any assets;

(d) to determine any and all applications for allowance of compensation and reimbursement of expenses herein;

(e) to determine any and all pending applications for rejections of executory contracts and unexpired leases and the allowance of any claims resulting from the rejection thereof or from the rejection of executory contracts or unexpired leases pursuant to the Plan;

(f) to determine any and all applications, adversary proceedings and contested and litigated matters pending in the case as of, or after, the Confirmation Date;

(g) to determine any and all proceedings for recovery of payments pursuant to any Cause of Action;

(h) to modify any provision of the Plan to the full extent permitted by the Bankruptcy Code;

(i) to correct any defect, cure any omission or reconcile any inconsistency in the Plan or the Confirmation Order as may be necessary to carry out the purposes intent and effect of the Plan;

(j) to determine such other matters which may be provided for in the Confirmation Order as may be authorized under the provisions of the Bankruptcy Code;

(k) to enforce all provisions under the Plan; and

(l) to enter any order, including injunctions, necessary to enforce the terms of the Plan, the powers of the Debtor under the Bankruptcy Code, this Plan and as the Court may deem necessary.

IX CAUSES OF ACTION

A. Suits, Etc.

The Debtor reserves the right to initiate or continue any litigation or adversary proceeding permitted under the Bankruptcy Code and applicable Federal Rules of Bankruptcy Procedure with respect to any Cause of Action, except if provided to the contrary herein.

B. Powers

The Debtor shall have the right to settle, compromise, sell, assign, terminate, release, discontinue or abandon any cause of action from time to time in its discretion.

X. OBJECTIONS TO CLAIMS

A. Objection to Claims

Notwithstanding the occurrence of the Confirmation Date or the Effective Date, the Debtor may object to the allowance of any claim not previously allowed by final order whether or not a Proof of Claim has been filed and whether or not the Claim has been filed and whether or not the

Claim has been scheduled as non-disputed, non-contingent and liquidated. All such objections shall be filed within sixty (60) days of the Effective Date.

B. Contested Claims

Notwithstanding any other provision of this Plan, a Contested Claim will be paid only after allowance by the Court or upon stipulation of the Debtor and the Claimant involved, as approved by the Court. If allowed, the Contested Claim will become an Allowed Claim and shall be paid on the same terms as if there had been no dispute. The need for resolution of Contested Claims will not delay other payments under the Plan. No distribution shall be made to a Contested Claim until it is Allowed.

XI. CHOICE OF LAW

Except to the extent superseded by the Bankruptcy Code or other federal law, the rights, duties and obligations arising under the Plan shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania, without regard to the choice of law rules thereof.

XII. EXCULPATION

Following the Effective Date, neither the Debtor nor any of its officers, directors, members, employees or agents, nor any professional persons employed by any of the foregoing parties, shall have or incur any liability or obligation to any entity for any action taken at any time or omitted to be taken at any time in connection with or related to the formation, preparation, dissemination, implementation, confirmation or consummation of the Plan, the Disclosure Statement or any agreement or document created or entered into, or any action taken or omitted to be taken in connection with the Plan or this Chapter 11 case; provided, however, that the provisions of this

article shall have no effect on the liability of any entity that would otherwise result from action or omission to the extent that such action or omission is determined in a Final Order to have constituted gross negligence or willful misconduct.

XIII. MISCELLANEOUS

A. Payment of Statutory Fees

All fees payable pursuant to section 1930 of Title 28 of the United States Code, as determined by the Court at the hearing pursuant to section 1128 of the Bankruptcy Code, will be paid on or before the Effective Date. Moreover, all post-confirmation quarterly fees shall be paid by the Reorganized Debtor as and when they become due until the Bankruptcy Case is closed.

B. Discharge of Debtor

The rights afforded in the Plan and the treatment of all Claims and Equity Interests in the Plan shall be in exchange for and in complete satisfaction, discharge, and release of Claims and Equity Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against the Debtor, any of its assets or properties and the Debtor's Estate.

Except as otherwise provided in this Plan (i) on the Effective Date, all Claims against and Interests in the Debtor will be satisfied, discharged and released in full and (ii) all Persons shall be precluded from asserting against Debtor, its successors, or its assets or properties any other or further Claims or Interests based upon any act or omission, transaction, or other activity of any kind or nature that occurred before the Confirmation Date.

Notwithstanding the foregoing, the discharge granted by 11 U.S.C. §1141(d) is modified as to the secured or priority tax debt provided for in the Plan, and the discharge of any

secured or priority tax debt under the Plan shall not be effective until all secured or priority taxes provided for in the Plan have been paid in full.

C. Discharge of Claims

Except as otherwise provided in this Plan or in the Confirmation Order, the rights afforded in this Plan and the payments and distributions to be made under the Plan shall be in complete exchange for, and in full satisfaction, discharge and release of, all existing debts and Claims of any kind, nature or description whatsoever against the Debtor, the Estate or any of its assets or properties; and upon the Effective Date, all existing Claims against the Debtor, the Estate and all of its assets and properties will be, and be deemed to be, exchanged, satisfied, discharged and released in full; and all holders of Claims will be precluded from asserting against Reorganized Debtor, its successors or its Assets or properties any other or further Claim based upon any act or omission, transaction or other activity of any kind or nature that occurred before the Confirmation Date, whether or not the holder filed a proof of claim.

D. Effect of Confirmation Order

Except as provided for in the Plan, the Confirmation Order will be a judicial determination of discharge of the Debtor from all debts that arose before the Confirmation Order and any liability on a Claim that is determined under section 502 of the Bankruptcy Code as if such Claim had arisen before the Confirmation Date, whether or not a proof of claim based on any such debt or liability is filed under section 501 of the Bankruptcy Code and whether or not a Claim based on such debt or liability is allowed under section 502 of the Bankruptcy Code.

E. Severability

Should any provision in the Plan be determined to be unenforceable, that determination will in no way limit or affect the enforceability and operative effect of any provision of the Plan.

F. Successors and Assigns

The rights and obligations of any person named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the successors and assigns of that Person.

G. Binding Effect

The Plan will be binding upon and inure to the benefit of the Debtor, its Creditors, the holders of Equity Interests, and its respective successors and assigns.

H. Governing Provisions

Where a provision of this Plan contains a summary or description of one or more provision of any of the documents attached to the Plan as an Exhibit that conflicts or appears to conflict with any such provision of an Exhibit, the provision of the Exhibit will govern.

I. Filing of Additional Documents


On or before substantial consummation of this Plan, the Debtor will file with the Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

J. Withholding and Reporting Requirements


In connection with the Plan and all instruments issued and distributions made pursuant to the Plan, the Debtor will comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all distributions made pursuant to the Plan will be subject to any such withholding and reporting requirements.

Dated: 3/13/17

MCNEILL GROUP, INC.


By: Edward J. McNeill
Title: President

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