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8
9 **UNITED STATES BANKRUPTCY COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**
11 **LOS ANGELES DIVISION**

12 In re:
13 SHALAN ENTERPRISES, LLC, Substantively
consolidated with Alan Rapoport,
14 Debtor(s).

- 15 This pleading affects Shalan only
16 This pleading affects Rapoport only
17 This pleading affects both Shalan and
18 Rapoport

CASE NO. 2:09-bk-43263-PC
2:09-bk-43499-PC

Chapter 11

**AMENDED DISCLOSURE STATEMENT RE
JOINT CHAPTER 11 PLAN
[DATED NOVEMBER 1, 2011]**

Date: November 9, 2011
Time: 9:30 a.m.
Courtroom: 1539
255 East Temple Street
Los Angeles, California 90012

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I.
INTRODUCTION¹

SHALAN ENTERPRISES, LLC ("Shalan") and ALAN RAPOPORT ("Rapoport") (Shalan and Rapoport are collectively referred to herein as "Debtor") are debtors and debtors in possession in this substantively consolidated Chapter 11 bankruptcy case. On November 25, 2009, Shalan filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 101 *et seq.* ("Code"). On November 30, 2009, Rapoport filed a voluntary petition under Chapter 11 of the Code. An order substantively consolidating the Shalan and Rapoport Cases was entered by the Court on March 18, 2010 [Doc. No. 53]. Chapter 11 allows a debtor, and under some circumstances, creditors and others parties in interest to propose a plan of reorganization or plan of liquidation, which may provide for the debtor to reorganize by continuing to operate, to liquidate by selling assets of the estate, or a combination of both. Debtor is the party proposing the *Amended Joint Chapter 11 Plan [Dated November 1, 2011]* (the "Plan"), a copy of which is attached hereto as **Exhibit A**. THE DOCUMENT YOU ARE READING IS THE DISCLOSURE STATEMENT FOR THE PLAN.

The Plan is a reorganizing plan. In other words, Debtor seeks to provide payments to Creditors under the Plan by continuing to own, operate and, where appropriate, liquidate assets and distribute the proceeds of such operations and liquidation to Creditors in the order of priority set forth in the Code.

The Effective Date of the Plan is the second Business Day after entry of the Confirmation Order on which no stay of the Confirmation Order is in effect.

¹A capitalized term used in this Disclosure Statement that is not defined in this Disclosure Statement, but is defined in the Plan, has the meaning assigned to that term in the Plan. A capitalized term used in this Disclosure Statement that is defined neither in this Disclosure Statement nor in the Plan has the meaning, if any, assigned to that term by the Code or the Federal Rules of Bankruptcy Procedure.

1 **A. Purpose of This Document**

2 This Disclosure Statement summarizes what is in the Plan, and provides certain information
3 relating to the Plan and the process the Court follows in determining whether or not to confirm the
4 Plan.

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

- 6 (1) WHO CAN VOTE ON OR OBJECT TO THE PLAN,
7 (2) WHAT THE TREATMENT OF YOUR CLAIM IS (*i.e.*, what your Claim will receive if the
8 Plan is confirmed), AND HOW THIS TREATMENT COMPARES TO WHAT YOUR CLAIM WOULD
9 RECEIVE IN LIQUIDATION,
10 (3) THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS DURING THE
11 BANKRUPTCY CASE,
12 (4) WHAT THINGS THE COURT WILL LOOK AT TO DECIDE WHETHER OR NOT TO
13 CONFIRM THE PLAN,
14 (5) WHAT IS THE EFFECT OF CONFIRMATION, AND
15 (6) WHETHER THE PLAN IS FEASIBLE.

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

19 Be sure to read the Plan as well as the Disclosure Statement. If there are any
20 inconsistencies between the Plan and the Disclosure Statement, the Plan provisions will govern.
21 The Code requires a Disclosure Statement to contain "adequate information" concerning the Plan.

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

23 THE COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS DISCLOSURE
24 STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN ARE NOT YET BINDING ON ANYONE.
25 HOWEVER, IF THE COURT LATER CONFIRMS THE PLAN, THEN THE PLAN WILL BE BINDING ON
26 DEBTOR AND ON ALL CREDITORS IN THIS CASE.

JMBM
Jeffrey Mangels
Butler & Mitchell LLP

1 **1. Time and Place of the Confirmation Hearing**

2 The hearing where the Court will determine whether or not to confirm the Plan will take
3 place on _____, 2011, at __:__ m. in Courtroom 1539 of the United States Bankruptcy
4 Court for the Central District of California, Los Angeles Division, located at 255 East Temple Street,
5 Los Angeles, California 90012.

6 **2. Deadline For Voting For or Against the Plan**

7 If you are entitled to vote, it is in your best interest to timely vote on the enclosed ballot
8 and return the ballot in the enclosed envelope to counsel for Debtor, Joseph A. Eisenberg P.C.,
9 Jeffer Mangels Butler & Mitchell LLP ("JMBM"), 1900 Avenue of the Stars, Seventh Floor, Los
10 Angeles, CA 90067-4308; phone: 310.203.8080, fax: 310.203.0567 and email jae@jmbm.com.
11 Your ballot must be received by _____, 2011, or it will not be counted.

12 **3. Deadline For Objecting to Confirmation of the Plan**

13 Objections to confirmation of the Plan must be filed with the Court and served upon
14 counsel for Debtor, Joseph A. Eisenberg P.C., JMBM, 1900 Avenue of the Stars, Seventh Floor, Los
15 Angeles, CA 90067-4308; and the Office of the United States Trustee (the "UST") at 725 South
16 Figueroa Street, 26th Floor, Los Angeles, California 90017, by _____, 2011.

17 **4. Identity of Person to Contact for More Information Regarding the Plan**

18 Any interested party desiring further information about the Plan should contact counsel for
19 Debtor.

20 **C. Disclaimer**

21 The financial data relied upon in formulating the Plan is based on Debtor's books and
22 records, and the Schedules, records and files in this bankruptcy Case. Debtor represents that
23 everything stated in the Disclosure Statement is true to Debtor's best knowledge in all material
24 respects. The Court has not yet determined whether or not the Plan is confirmable and makes no
25 recommendation as to whether or not you should support or oppose the Plan.

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II.
BACKGROUND

A. Description and History of the Debtor's Business

Shalan is a limited liability company formed under the laws of the State of Nevada by Rapoport and his wife, Shelley Rapoport, on April 15, 2005. Mr. and Mrs. Rapoport are the trustees of the Alan and Shelley Rapoport Family Trust, Dated 10/15/99 (the "Trust"), which is the sole member and manager of Shalan. As of Shalan's Petition Date (November 25, 2009), Shalan owned, managed and leased thirty-four (34) income producing single family dwellings located in California and Arizona (the "Shalan Properties"). A list of the Shalan Properties is attached hereto as **Exhibit B**. All of the Shalan Properties were previously owned by the Rapoport. For estate planning purposes, each of the Shalan Properties was transferred from Mr. and Mrs. Rapoport to Shalan in 2006. Mr. and Mrs. Rapoport manage the Shalan Properties.

Rapoport is an individual who is employed as President of Chinese Laundry, a shoe company, and draws a salary for such employment. As of Rapoport's Petition Date (November 30, 2009), Rapoport and wife also owned and managed seven (7) residential real properties located in Nevada and New York (the "Rapoport Properties"). A list of the Rapoport Properties is attached hereto as **Exhibit B**.

The majority of these Shalan Properties and Rapoport Properties are single family residences that Debtor rents and for which Debtor pays the outstanding mortgage payments, insurance and other expenses, covers maintenance and repair costs, and generates additional income for the Estate (the "Rental Properties").

B. Management of the Debtor Before and During the Bankruptcy

Both before and during the Case, Shalan has been managed by Mr. and Mrs. Rapoport.

C. Events Leading to Chapter 11 Filing

In or around the year 2000, Rapoport entered into a partnership agreement with Perry Klein to develop certain properties in Clark County, Nevada. A dispute arose between Rapoport and Klein resulting in Klein filing a lawsuit against Rapoport in December, 2003, in Nevada State Court entitled *Perry Klein and Rita Klein v. Alan Rapoport; Alan and Shelley Rapoport Family Trust*

1 *Dated October 15, 1999, et al.* (the "Klein Litigation"). On or about March 20, 2006, a Judgment
2 was entered against Rapoport in the Klein Litigation in the amount of \$9,912,800. Pursuant to an
3 order of the Nevada State Court, certain real property of Debtor was pledged to Klein to serve in
4 lieu of a bond for a stay of the Judgment pending appeal. Klein and Rapoport each appealed the
5 Judgment to the Nevada Supreme Court, which affirmed the Judgment in part, reversed it in part,
6 and remanded various issues back to the trial court. As a result of the decision of the Nevada
7 Supreme Court, the Judgment was reduced to approximately \$3,200,000 (the "Klein Judgment").
8 Upon conclusion of the appeal, Klein then began to take steps to enforce the Klein Judgment.
9 Shalan and Rapoport then commenced their chapter 11 Cases to (i) manage the effect of the Klein
10 Judgment, and (ii) to prevent the forced liquidation, at fire sale prices, of the real properties
11 pledged by Debtor to obtain the stay pending the appeal.²

12 **D. Significant Events During the Bankruptcy**

13 **1. Interdivisional Transfer of Cases Between San Fernando Valley and Los**
14 **Angeles Branches**

15 The Shalan Case was transferred initially from the Los Angeles Division, where the Case
16 had originally been assigned Case No. 2:09-bk-43263, to the San Fernando Valley Division, where
17 the Case was renumbered as Case No. 1:09-bk-26974-GM. Similarly, the Rapoport Case was
18 transferred initially from the Los Angeles Division, where the case had originally been assigned
19 Case No. 2:09-bk-43499, to the San Fernando Valley Division, where the Case was renumbered as
20 Case No. 1:09-bk-26975-GM. The Cases were then sent back from the San Fernando Valley
21 Division to the Los Angeles Division, where each Case was re-assigned its original case number. As
22 a consequence of these inter-divisional transfers, filed proofs of claim were docketed under each of
23 these Cases.

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27 ²During the course of the chapter 11 case, the Klein Litigation and all disputes with Klein
28 were settled and resolved. See Section II.D(10) "Settlement with Klein" herein.

1 **2. Substantive Consolidation of the Shalan and Rapoport Cases**

2 On or about February 2, 2010, Shalan filed a motion to substantively consolidate the
3 Shalan Case and estate with the Rapoport Case and estate. The motion was granted by the Court,
4 and an order substantively consolidating the Shalan Case and the Rapoport Case was entered by
5 the Court on March 18, 2010 [Doc. No. 53].

6 **3. Cash Collateral Use**

7 On December 31, 2009, Shalan filed its *Motion of Debtor in Possession for Order (1)*
8 *Authorizing Permanent Use of Cash Collateral; and (2) Granting Replacement Liens* (the "Cash
9 Collateral Motion"). The Cash Collateral Motion was opposed on a limited basis, by First Bank, a
10 lien holder on certain of the Shalan Properties and the Rapoport Properties, and by Klein.
11 Pursuant to various orders of the Court, the Cash Collateral Motion was granted, thereby allowing
12 Debtor to use rental income from the Shalan Properties and Rapoport Properties to pay such
13 properties' post-petition expenses and operate the Estate.

14 **4. Employment of Professionals**

15 During the course of the Case, Debtor employed various professionals. The employment of
16 JMBM as general reorganization counsel to Shalan was approved by the Court by the order entered
17 on March 4, 2010, effective as of Shalan's Petition Date. Greenberg & Bass LLP's employment as
18 general reorganization counsel to Rapoport was approved by the Court by the order entered on
19 February 18, 2010, effective as of Rapoport's Petition Date.

20 By the Court's order entered on August 25, 2010, the Court approved the employment
21 application of Greenberg Traurig LLP, as special litigation counsel, to represent Rapoport in
22 connection with the trial of the remanded issues in the Klein Litigation.

23 In order to expeditiously address the Claims of Creditors, Debtor sought to monetize its
24 assets by the sale of properties. To that end, Debtor retained a real estate broker, Linda Vint, with
25 knowledge and expertise concerning the Shalan Properties.

26 On October 19, 2010, the Court approved the employment of Prudential Americana Group
27 Realtors as the Estate's real estate broker to market and sell certain of Rapoport's Las Vegas,
28 Nevada properties.

1 **5. Claims Objections**

2 The bar date for the filing of Claims in the Case was March 31, 2010. Attached hereto as
3 **Exhibit C** is a schedule of those Claims objected to by Debtor and the status of such Claim
4 objection. Although the Debtor has not yet filed objections to certain Claims of the Internal
5 Revenue Service and California Franchise Tax Board, Debtor disputes these Tax Claims and is
6 currently cooperating with such tax authorities in an effort to resolve these Disputed Claims.

7 **6. Rule 2004 Examination of Debtor by the Kleins**

8 Under Bankruptcy Rule 2004, Klein sought to compel the production of documents from
9 and conduct a Rule 2004 examination of Rapoport. Rapoport complied with Klein's requests for
10 production of documents and was examined by Klein.

11 **7. Disposition of Estate Property**

12 In order to monetize assets for the benefit of Creditors, Debtor undertook to market and
13 sell certain residential properties.¹

14 On July 7, 2010, the Court granted Debtor's motion to sell, free and clear of all liens,
15 claims and encumbrances, the single family residence located at 125 Los Vientos Drive, Newbury
16 Park, California for \$445,000 [Doc. No. 87]. This sale enabled Debtor to pay off the first deed of
17 trust on the property, held by Wells Fargo, and to generate approximately \$361,500 for the benefit
18 of the Estate.

19 By an order entered on October 19, 2010 [Doc. No. 148], the Court authorized Debtor to
20 sell two condominium units in Las Vegas, Nevada (135 E. Harmon Ave, Units 1501 and 1503, Las
21 Vegas, Nevada) for \$350,000, free and clear of all liens, claims and encumbrances. In this
22 transaction, the holder of the first deed of trust on the property, Chase Mortgage Finance, agreed
23 to a "short sale" and waived any deficiency claim, thereby relieving the Estate of a potentially
24 significant deficiency Claim.

25
26
27 ¹ Exhibit B sets forth the current status of each of the properties, including whether or not
28 such property was sold or if there is a sale pending.

1 On December 29, 2010, the Court approved the sale of Rapoport's condominium in New
2 York, New York (230 West 56th Street, Unit 56D, New York, New York) for \$1,212,500 [Doc. No.
3 179]. The sales proceeds of this property paid off liens of approximately \$300,000 and generated
4 cash for the benefit of the Estate.

5 On January 27, 2011, the Court granted the motion to sell property located at 2777
6 Paradise Road, Las Vegas, NV, for \$290,000 [Doc. No. 187]. The holder of the first deed of trust
7 on the property, Bank of America, agreed to the "short sale" and waived any deficiency Claim.

8 On July 15, 2011, Debtor filed a motion for authority to sell Rapoport's condominium in
9 New York City, located at 404 East 76th Street, Unit 2J, New York, New York, for \$580,000. On
10 August 11, 2011, the Court granted the motion approving the sale of this property [Doc. No. 278].
11 This sale closed on September 23, 2011. The proceeds from this sale eliminated the cross-
12 collateralized mortgage held by Chase Home Finance LLP against Unit 2I in the same condominium
13 complex, thereby leaving Unit 2I as an unencumbered asset of the Estate.

14 On August 12, 2011, Debtor filed a motion to sell Rapoport's property located at 2 Rue
15 Allard Way, Henderson, Nevada for \$1,675,000 [Doc. No. 281]. In this transaction, the holder of
16 the first deed of trust on the property, CitiMortgage, agreed to a "short sale" and waived any
17 deficiency claim, relieving the Estate of a potentially significant deficiency Claim. The sale closed
18 on September 16, 2011.

19 On September 22, 2011, Debtor filed a motion to sell Shalan's property located at 30729
20 Mainmast Drive, Agoura Hills, California, for \$399,000. The gross proceeds from this sale will
21 generate cash for the benefit of the Estate. The sale is tentatively scheduled to close on or about
22 October 27, 2011, upon Court approval of the sale.

23 As part of Exhibit B attached hereto, Debtor indicates the status of each of the Properties,
24 i.e. whether the property has been sold, pending sale, transferred as part of the Klein Settlement
25 (defined below) or remains a part of the Estate.

26 **8. First Bank Settlement**

27 First Bank held a lien on ten properties owned by Debtor and asserted a Secured Claim in
28 excess of \$1.7 million. As a result of negotiations, First Bank agreed to have its Secured Claim

1 satisfied for approximately \$1.6 million (the "First Bank Settlement"). Thus, on April 6, 2011,
2 Debtor filed a motion for approval of the First Bank Settlement, pursuant to Fed. R. Bankr. P.
3 9019. Klein opposed the First Bank Settlement, and, over that objection, the Court approved the
4 First Bank Settlement and authorized Debtor to execute and consummate the Settlement and
5 Forbearance Agreement with First Bank. The First Bank Settlement has been fully consummated,
6 and First Bank's Claim has been fully satisfied. First Bank has released its liens on the properties
7 which had collateralized its Secured Claim. The First Bank Settlement resolved the second largest
8 Claim against the Estate.

9 **9. Adversary Proceeding: Rapoport vs. Prudential, et al.**

10 On June 22, 2010, Rapoport filed a complaint against Prudential Americana Group Realtors
11 and its broker Paula Jones for allowing unauthorized persons to trespass upon, and cause damage
12 to, Rapoport's real property located in Lake Las Vegas, Nevada. On February 16, 2011, the Court
13 dismissed this case without prejudice [Adv. No. 2:10-ap-02122-PC; Doc. No. 26].

14 **10. Klein's Plan and Disclosure Statement**

15 On October 6, 2010, Klein filed a chapter 11 plan which proposed a forced liquidation of all
16 of Debtor's assets. Klein also filed a related disclosure statement (the "Klein Disclosure
17 Statement"). Debtor objected to the Klein Disclosure Statement, contending that the Klein
18 Disclosure Statement lacked adequate information, and the plan proposed by Klein was
19 unconfirmable on its face. The Court denied approval of the Klein Disclosure Statement [Doc. No.
20 213] and permitted the Kleins to file an amended chapter 11 plan and an amended disclosure
21 statement. On June 3, 2011, Klein filed an Amended Plan [Doc. No. 230] and Amended Disclosure
22 Statement [Doc. No. 229]. On July 27, 2011, the U.S. Trustee filed an Objection to Klein's
23 Amended Disclosure Statement [Doc. No. 272]. Debtor also objected to Klein's Amended
24 Disclosure Statement.

25 Hearings on approval of the Klein's Amended Disclosure Statement were continued from
26 time to time while Debtor and Klein negotiated a settlement, which settlement was approved by
27 the Court on July 11, 2011.

28

1 **11. Settlement with Klein**

2 Klein filed a proof of claim in the Case in the amount of \$9,715,869.11. On November 10,
3 2010, Klein filed a *Motion to Estimate Claims for Voting Purposes* (the "Claims Estimation Motion").
4 The Claims Estimation Motion was granted by Order of the Court entered on June 20, 2011 [Doc.
5 No. 239], pursuant to which Klein's Claim is estimated for plan voting purposes at \$4,289,700.96.

6 Beginning in December 2010, Debtor engaged in protracted negotiations with Klein to bring
7 closure to the expensive and contentious litigation and disputes between them in both this Case
8 and the Klein Litigation. Debtor and Klein reached an agreement whereby Debtor agreed to pay
9 Klein \$4.75 million, payable in a combination of cash and various single family dwellings (the "Klein
10 Settlement"). On June 21, 2011, Debtor filed a motion seeking approval of the Klein Settlement.
11 On July 11, 2011, the Court approved and authorized Debtor to perform the Klein Settlement [Doc.
12 No. 262]. The Klein Settlement resolved the largest Claim in the chapter 11 Case. All disputes
13 with Klein, including the Klein Litigation, are now resolved by the Klein Settlement.

14 The Klein Settlement involves the transfer, free and clear of all liens and encumbrances, of
15 10 residential properties, seven of which were initially transferred, with the remaining three
16 properties to be transferred in intervals thereafter. The initial phase of the Klein Settlement was
17 consummated on September 1, 2011, including the payment to Klein of \$500,0000 in cash, and
18 the following properties were transferred, free and clear of all encumbrances²:

19 30865 Overfall Drive, Westlake Village, CA 91362
20 1674 Glenbrock, Newbury Park, CA 91320
21 27312 Pinavette, Mission Viejo, CA92691
22 13 Marty Court, Newbury Park, 91320
23 21981 Sundowners Lane, Lake Forest, CA 92630
24 6017 Hackers, Agoura Hills, CA 91301
25 5645 Slicers Circle, Agoura Hills, CA 91301

26 _____

27 ² The properties subject to the Klein settlement to be transferred were transferred free and
28 clear of all monetary liens, and therefore numerous Claims by secured creditors have been
 satisfied. See Exhibit D attached hereto, which identifies these Claims.

1 As part of the second phase, three additional properties³ or the Designated Value of such
2 properties (as defined in the Settlement Agreement) will be transferred to Klein on a monthly
3 basis, with the last property or its Designated Value to be distributed to Klein by no later than
4 November 21, 2011.

5 **12. Post-Petition Borrowings**

6 In order to fund the First Bank Settlement and Klein Settlement, Debtor determined it
7 would be more expeditious and advantageous for the Estate to borrow money rather than to
8 accelerate sales of properties and risk having to settle for inopportune sales that fail to realize the
9 value of properties owned by the Estate. Thus, Debtor negotiated a series of secured loans which
10 have generated sufficient monies to fund the Klein Settlement and the First Bank Settlement and
11 enable Debtor to propose this Plan and resolve this Case expeditiously.

12 On June 3, 2011, Debtor filed five motions seeking orders authorizing the Estate to borrow
13 \$300,000 from each of five lenders - Robert Goldman, Michael Greenberg, Donald Weiss, William
14 Tai, and Carl Jones - to be secured by certain Shalan Properties.

15 Klein filed, and then withdrew, oppositions to the borrowing motions. On June 30, 2011,
16 the Court granted all five motions authorizing Debtor to borrow a total of \$1,500,000 (the "Final
17 Orders") [Doc. Nos. 248-251]. Each of these loans has been funded to Debtor.

18 Notwithstanding any other provision of the Plan and the Code, the Administrative Claims of
19 those persons and entities who made loans to Debtor after the Petition Date in accordance with
20 the Final Orders of the Court, will be paid in accordance with the terms approved by such Final
21 Orders (the "Post-Petition Debt Servicing").

22
23 ³ The three additional properties are:

- 24 552 Highview Street, Newbury Park, CA - Transferred to Kleins on 9/30/2011
91320
25 166 Walter Circle, Newbury Park, CA
91320
26 5823 Capehorn Drive, Agoura Hills, CA
91301
27

1 **13. Actual and Projected Recovery of Preferential or Fraudulent Transfers**

2 Other than the transfers to Sylvia Lissat⁴, based on Debtor's analysis to date, Debtor does
3 not believe that there are any other preferences or other avoidance claims to pursue.

4 **14. Current Financial Condition**

5 Attached hereto as **Exhibit D** is a schedule of Debtor's current financial condition.
6 Attached as **Exhibit E** is a schedule of the Debtor's anticipated cash flow for income and expenses
7 related to the Properties. **Exhibit F** sets forth the monthly income and expenses projected by
8 Debtor over the period of the plan.

9 **III.**

10 **SUMMARY OF THE PLAN OF REORGANIZATION**

11 As required by §1122 of the Code, the Plan classifies similar Claims in various Classes. The
12 Plan states whether each Class of Claims is Impaired or Unimpaired. The Code requires that at
13 least one Impaired Class vote in favor of the Plan. The Plan states how each Class will be treated
14 and what they will receive under the Plan so you know whether or not to vote for the Plan.

15 **A. What Creditors Will Receive Under The Proposed Plan**

16 The Plan provides the treatment each Class will receive.

17 **B. Unclassified Claims**

18 Administrative and Priority Tax Claims are not placed into voting Classes; instead they are
19 unclassified. They are not considered impaired and they do not vote on the Plan because they are
20 automatically entitled to specific treatment provided for them in the Code.

21 **1. Administrative Expenses**

22 Administrative expenses are Claims for costs or expenses of administering the Case which
23 are allowed under Code section 503(b) of the Code and entitled to priority under section

24 _____
25 ⁴ The Court sustained Debtor's objection to the Claim of Sylvia Lissat by an order entered
26 on October 20, 2010, resulting in the disallowance of Lissat's Claim in its entirety unless, by
27 November 18, 2010, Lissat disgorged a preferential transfer she had received from Rapoport.
28 Lissat failed to do so. Thus, pursuant to that *Order Re Objection to Claim No. 27 of Sylvia Lissat;
and Judgment on Counterclaim* entered by the Court on October 20, 2010 [Doc. No. 77 - Case
2:09-bk-43499-PC], Lissat's Claim was disallowed in its entirety under Code Section 502(d).

1 507(a)(2). The Code requires that all Administrative Claims be paid on the Effective Date of the
2 Plan, unless a particular claimant agrees to a different treatment.

3 The following chart estimates, but does not warrant, all of the Administrative Claims and
4 their treatment under the Plan:

<u>Name</u>	<u>Amount Owed</u>	<u>Treatment</u>
Jeffer Mangels Butler & Mitchell LLP, Attorneys for Debtor Shalan Enterprises, LLC	\$150,000 ⁵ (approx.)	To be paid in cash in full upon allowance by the Court
Greenberg & Bass LLP, Attorneys for Debtor Alan Rapoport	\$10,000	To be paid in cash in full upon allowance by the Court.
Greenberg Traurig, LLP	None	Paid in full
Office of the U.S. Trustee Fees	Unknown	Paid in full on Effective Date
Clerk's Office Fees	Unknown	Paid in full on Effective Date
Administrative Expenses Pursuant to 11 U.S.C. § 503(b)(1)(B) for 2011 tax year	Unknown	To be paid in cash in full upon date due and owing.
ESTIMATED TOTAL	\$160,000	

16 a. **Section 503(b)(1)(B) Taxes Incurred By Estate**

17 Debtor filed its 2010 tax returns, which reflect that there are no unpaid tax obligations that
18 result in an administrative claim pursuant to 503(b)(1)(B). Debtor has sought advice from its tax
19 consultant and is informed that there are no anticipated Section 503(b)(1)(B) claims that will be
20 incurred in 2011. Should any such administrative tax obligations become due and owing upon
21 the filing of 2011 tax returns, Rapoport, as Reorganized Debtor, will pay to the proper taxing
22 authority at the time such tax obligation becomes due and owing.
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26

27 ⁵ The amounts contained herein are estimated values and not a limitation as to the
28 amounts that JMBM will seek.

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1 **b. Court Approval of Fees Required:**

2 The Court must rule on all Professional fees and costs before any such fees and costs will
3 be paid. The Professional in question must file and serve a properly noticed fee application and
4 the Court must rule on the application. Only the amount of fees and costs allowed by the Court
5 will be paid under the Plan.

6 As indicated above, the Debtor estimates that it will need approximately \$160,000.00 to
7 pay Administrative Claims on the Effective Date of the Plan, in addition to other amounts payable
8 on the Effective Date. Debtor anticipates that the Estate will have sufficient funds on the Effective
9 Date to meet these obligations. The source of Debtor's funds will be the cash on hand, including
10 proceeds from the ongoing sale of assets, the monies obtained from the post-petition secured
11 loans obtained by the Debtor and income from the rental of single family dwellings owned by the
12 Estate.

13 Unless the holder of an Allowed Administrative Claim agrees otherwise, Rapoport, as
14 Reorganized Debtor, will pay to each holder of an Allowed Administrative Claim cash equal to such
15 Allowed Administrative Claim, from the cash of the Administrative Reserve⁶, on the later of (1) the
16 Effective Date, or (2) the date on which, pursuant to a Final Order, such Creditor becomes the
17 holder of an Allowed Administrative Claim.

18 **2. Administrative Claims of Post-Petition Date Lenders:**

19 Notwithstanding any other provision the Plan and the Bankruptcy Code, the Administrative
20 Claims of those persons and entities who made loans to Debtor after the Petition Date in
21 accordance with Final Orders of the Court, will not be paid in accordance with other Administrative
22 Claims, but instead will be paid in accordance with the terms approved by such Final Orders.

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24
25
26 ⁶ Debtor will deposit the estimated total amount necessary to pay all Administrative Claims
27 into the Administrative Reserve on or before the Effective Date. To the extent that the
28 Administrative Reserve is not sufficient to pay such Allowed Administrative Claims, the Reorganized
Debtor will pay such deficiency, in full, on demand.

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1 **3. Priority Tax Claims:**

2 Priority Tax Claims are certain unsecured income, employment and other taxes described
3 by Code section 507(a)(8). The Reorganized Debtor will pay to each holder of an Allowed Priority
4 Tax Claim cash equal to the then-unpaid portion of such Allowed Priority Tax Claim, on the later of
5 (a) the Effective Date, or (b) the date on which, pursuant to Final Order, such Creditor becomes
6 the holder of an Allowed Priority Tax Claim. Notwithstanding the foregoing, the Reorganized
7 Debtor may elect to pay any Allowed Priority Tax Claim in regular or periodic installments of cash
8 after the Effective Date over a period of five (5) years from the Petition Date., the total value of
9 which shall be equal to the amount of such Allowed Priority Tax Claim.

10 On February 5, 2010, California Franchise Tax Board ("FTB") filed a proof of claim in the
11 Shalan Case in the amount of \$14,285.93, of which \$11,980.86 is alleged to be a Priority Tax
12 Claim. Debtor disputes this Claim in its entirety and intends to file an Objection to this Claim.⁷

13 Pursuant to Bankruptcy Rule 3004, Debtor also filed a proof of claim on behalf of the FTB,
14 asserting a Disputed Claim in the Rapoport Case in the amount of \$22,592.44. Debtor disputes
15 this Tax Claim in its entirety and intends to file an Objection to this Claim if Debtor is unable to
16 reach a out of court resolution with the California FTB.⁸

17 Similarly, Debtor filed a proof of claim pursuant to Bankruptcy Rule 3004 o on behalf of the
18 Internal Revenue Service ("IRS") in the Rapoport Case in the amount of \$81,872.03. On
19 September 8, 2011, the IRS filed an amended claim in the amount of \$76,407.27 (the "IRS
20 Claim"). Debtor disputes the IRS Claim in its entirety and intends to file an Objection to this Claim
21 if it is unable to reach an out of court resolution with the IRS.⁹

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23
24 ⁷ As of the date of this Disclosure Statement, Debtor has coordinated with the FTB, and the
FTB is expected to file an amended Proof of Claim, reducing the amount of its Claim.

25 ⁸ As of the date of this Disclosure Statement, Debtor has been working with the FTB to
26 resolve this claim dispute and the Debtor has not filed a formal objection to claim.

27 ⁹ Debtor has also been in discussions with the IRS pertaining to this claim amount and has
28 not yet filed an objection to claim.

1 **4. Other Contingent Priority Claims - Tenant Security Deposits**

2 Debtor held tenant security deposits, which were scheduled as *contingent* unsecured
3 Priority Claims for tenants leasing certain Rental Properties. To extent that such Priority Claims
4 become due and owing after the Effective Date, the Reorganized Debtor will pay to each holder of
5 an Allowed Priority Claim cash equal to the unpaid and owing portion of such Allowed r Priority
6 Claim, on the date upon which such contingent Claim becomes fixed, and amounts are due and
7 owing.¹⁰ The estimated total of contingent unsecured Priority Claims as of the date of this filing is
8 approximately \$21,580.00.

9 **C. Classified Claims**

10 **1. Class 1 - Unimpaired Secured Property Tax Claims**

11 Class 1 Unimpaired Secured Property Tax Claims are **not impaired**. Each of the pre-
12 petition secured property Tax Claims has been paid prior to the date of this Disclosure Statement.
13 To the extent, if any, that any such Unimpaired Secured Tax Claims have not been paid in full prior
14 to the Effective Date, each claimant in Class 1 will retain its lien rights and all legal, equitable, and
15 contractual rights with respect to the Claims of Class 1.

16 **2. Unimpaired Secured Claims**

17 Claims in Classes 2 - 7 include those Secured Claims in which the rights of the holder of the
18 Secured Claim will not be modified by the Plan and are thus **not impaired**. The Unimpaired
19 Secured Claims comprise of the following classes:

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26 ¹⁰ Pursuant to the *Order Granting Motion of Debtor in Possession to Refund Security*
27 *Deposits on a Going Forward Basis As They Become Due* entered July 9, 2010 [Docket No. 91]
28 (the "Security Deposit Order"), Debtor is authorized and pursuant thereto has refunded security
 deposits to tenant as they became due throughout the pendency of the case.

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CLASS #	DESCRIPTION	DISPUTED	IMPAIRED (Y/N)	TREATMENT
Class 2: Bank of America ("BOA")	Class 2-A: Secured Claim of BOA, secured by first priority lien on property located at 2165 North Camino Agrios, Tucson, AZ <u>Est. Claim Amount¹¹:</u> \$36,247.62 No arrearages	NO	Unimpaired	This Class is not impaired under this Plan. To the extent, if any, that such Claims have not been paid in full prior to the Effective Date, BOA will retain its lien(s) and all legal, equitable, and contractual rights with respect to each of the Class 2 Claims to which BOA is entitled.
	Class 2-B: Secured Claim of BOA, secured by first priority lien on property located at 3016 S. Elinore Drive, Tucson, AZ <u>Est. Claim Amount:</u> \$43,242.89 No arrearages			
Class 2 Cont.	Class 2-C: Secured Claim of BOA, secured by first priority lien on property located at 2342 South Via De Dos Arroyos, Tucson, AZ <u>Est. Claim Amount:</u> \$41,304.89 No arrearages	NO	Unimpaired	This Class is not impaired under this Plan. To the extent, if any, that such Claims have not been paid in full prior to the Effective Date, BOA will retain its lien(s) and all legal, equitable, and contractual rights with respect to each of the Class 2 Claims to which BOA is entitled.
	Class 2-D: Secured Claim of BOA, secured by first priority lien on property located at 9942 East Deer Trail, Tucson, AZ <u>Est. Claim Amount:</u> \$35,300.89 No arrearages			

¹¹ Amount of Estimated Claim Amount herein based on Debtor's accounting as of September 26, 2011.

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CLASS #	DESCRIPTION	DISPUTED	IMPAIRED (Y/N)	TREATMENT
Class 3: GMAC Mortgage LLC	<p>Class 3-A: Secured Claim of GMAC, secured by first priority lien on property located at 30657 Passageway Pl., Agoura Hills, CA</p> <p><u>Est. Claim Amount:</u> \$5,511.07 No arrearages</p> <p>Class 3-B: Secured Claim of GMAC, secured by first priority lien on property located at 5827 Cape Horn Drive, Agoura Hills, CA</p> <p><u>Est. Claim Amount:</u> \$14,563.97 No Arrearages</p>	NO	Unimpaired	This Class is not impaired under this Plan. To the extent, if any, that such Claims have not been paid in full prior to the Effective Date, GMAC will retain its lien(s) and all legal, equitable, and contractual rights with respect to each of the Class 3 Claims to which GMAC is entitled.
Class 4: Wells Fargo Bank N.A. ("WF")	<p>Class 4-A: Secured Claim of WF, secured by first priority lien on property located at 10246 East Calle Cadiz, Tucson, AZ.</p> <p><u>Est. Claim Amount:</u> \$55,479.60 No arrearages</p>	NO	Unimpaired	This Class is not impaired under this Plan. To the extent, if any, that such Claims have not been paid in full prior to the Effective Date, WF will retain its lien(s) and all legal, equitable, and contractual rights with respect to each of the Class 4 Claims to which WF is entitled.
Class 4 Cont.	<p>Class 4-B: Secured Claim of WF, secured by first priority lien on property located at 10273 East Falcon Point, Tucson, AZ.</p> <p><u>Est. Claim Amount:</u> \$41,0131.16 No arrearages</p> <p>Class 4-C: Secured Claim of WF, secured by first priority lien on property located at 9195 East Ironbark St., Tucson, AZ</p> <p><u>Est. Claim Amount:</u> \$69,638.11 No arrearages</p>	NO	Unimpaired	This Class is not impaired under this Plan. To the extent, if any, that such Claims have not been paid in full prior to the Effective Date, WF will retain its lien(s) and all legal, equitable, and contractual rights with respect to each of the Class 4 Claims to which WF is entitled.

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CLASS #	DESCRIPTION	DISPUTED	IMPAIRED (Y/N)	TREATMENT
	<p>Class 4-D: Secured Claim of WF, secured by first priority lien on property located at 9123 East Placita Arroyo Seco, Tucson, AZ</p> <p><u>Est. Claim Amount:</u> \$31,707.94 No arrearages</p>			
	<p>Class 4-E: Secured Claim of WF, secured by first priority lien on property located at 9881 East Wind Dancer Dr., Tucson, AZ</p> <p><u>Est. Claim Amount:</u> \$48,434.94 No arrearages</p>			
	<p>Class 4-F: Secured Claim of WF, secured by first priority lien on property located at 9143 East 33rd Street, Tucson, AZ</p> <p><u>Est. Claim Amount:</u> \$40,685.71 No arrearages</p>			
Class 4 Cont.	<p>Class 4-G: Secured Claim of WF, secured by first priority lien on property located at 5322 Lakecrest Drive, Agoura Hills, CA</p> <p><u>Est. Claim Amount:</u> \$9,075.48 No arrearages</p>	NO	Unimpaired	<p>This Class is not impaired under this Plan.</p> <p>To the extent, if any, that such Claims have not been paid in full prior to the Effective Date, WF will retain its lien(s) and all legal, equitable, and contractual rights with respect to each of the Class 4 Claims to which WF is entitled.</p>

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CLASS #	DESCRIPTION	DISPUTED	IMPAIRED (Y/N)	TREATMENT
	<p>Class 4-H: Secured Claim of WF, secured by first priority lien on property located at 4515 Roma Court, Marina del Rey, CA¹²</p> <p><u>Est. Claim Amount:</u> \$143,566.36 No arrearages</p>			
Class 5: Citi-Mortgage	<p>Secured Claim of CitiMortgage, secured by first priority lien on property located at 2139 N. Creek Vista, Tucson, AZ.</p> <p><u>Est. Claim Amount:</u> \$30,168.34 No arrearages</p>	NO	Unimpaired	<p>This Class is not impaired under this Plan.</p> <p>To the extent, if any, that such Claims have not been paid in full prior to the Effective Date, CitiMortgage will retain its lien(s) and all legal, equitable, and contractual rights with respect to the Class 5 Claim to which CitiMortgage is entitled.</p>
Class 6: Nationstar Mortgage f/k/a First Horizon ("Nationstar")	<p>Secured Claim of Nationstar, secured by first priority lien on property located at 9457 E. Lilly Bay Loop, Tucson, AZ</p> <p><u>Est. Claim Amount:</u> \$100,272.90 No arrearages</p>	NO	Unimpaired	<p>This Class is not impaired under this Plan.</p> <p>To the extent, if any, that such Claims have not been paid in full prior to the Effective Date, Nationstar will retain its lien(s) and all legal, equitable, and contractual rights with respect to the Class 6 Claim to which Nationstar is entitled.</p>
Class 7: Other Secured Claims	<p>Any other Allowed Claim that is secured that is not otherwise identified hereinabove.</p>	No	Unimpaired	<p>This Class is not impaired under this Plan.</p> <p>To the extent, if any, that such Claims have not been paid in full prior to the Effective Date, such Class 7 claimants will retain their lien(s) and all legal, equitable and contractual rights with respect to Class 7 Claims to which they are</p>

¹² Mr. and Mrs. Rapoport reside in property located at 4515 Roma Court, Marina Del Rey, CA (the "Residential Home"). Title of the Residential Home was transferred from Mr. and Mrs. Rapoport to Roma Court Qualified Personal Residence Trust dated March 21, 2006, for estate planning purposes. The loan secured by the Residential Home is however the obligation of Debtor.

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<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>DISPUTED</u>	<u>IMPAIRED (Y/N)</u>	<u>TREATMENT</u>
				entitled.

Classes 2 thru 7 are **not impaired**. Each of the Claims with respect to Classes 2 - 6 are secured by either a mortgage or deed of trust on certain real property, as identified hereinabove. The underlying loan of each of these Claims is current, with no pre-petition or post-petition arrearages. Debtor intends to pay these loans in accordance with the payment terms of each loan and the estimated Claim amount will be satisfied either upon (a) sale of the property securing such Claim or (b) amortize the outstanding balance, with payment upon the regular loan payment terms. Debtor is unaware of any Claims that fall within Class 7 but includes such class for any unspecified Secured Claims. To the extent, if any, that such Claims have not been paid in full prior to Effective Date, such Class 7 claimants will retain their liens and all legal, equitable and contractual rights with respect to Class 7 Claims to which they are entitled.

3. Secured Claims - Subject to Satisfaction Upon Transfer to Klein

Class 8 Claims are **not impaired**. This Secured Claim is comprised of a Claim that is anticipated to be satisfied prior to the Effective Date currently remains unsatisfied:

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>DISPUTED</u>	<u>IMPAIRED (Y/N)</u>	<u>TREATMENT</u>
Class 8: Wells Fargo Bank N.A. ("WF")	Secured Claim of WF, secured by first priority lien on property located at 166 Walter Circle, Newbury Park, CA <u>Est. Claim Amount:</u> \$68,140.84 No arrearages	NO	Unimpaired	<i>This Class is not impaired under this Plan. This Claim will be satisfied as part of the transfer of the property securing this Claim to the Kleins, pursuant to the terms of the Klein settlement.</i> To the extent, if any, that such Claims have not been paid in full prior to the Effective Date, WF will retain its lien(s) and all legal, equitable, and contractual rights with respect to each of the Class 8 Claims to which WF is entitled.

4. Class 9 - Claims of Klein

The Class 9 Claims of Klein are **impaired** under the Plan and will be treated, paid and satisfied in accordance with the Klein Settlement, and all payments and transfers required thereby after the Effective Date will be made by the Reorganized Debtor on the dates specified by the Klein

1 Settlement and will be received and retained by Klein in full settlement, discharge and disposition
2 of any and all Claims of Klein.

3 **5. Class 10 - Unsecured Claims**

4 Class 10 Claims are Unsecured Claims not entitled to priority under 11 U.S.C. § 507, and
5 are **impaired** under the Plan. Class 10 is comprised of Unsecured Claims listed in Debtor's
6 Schedule F in addition to Unsecured Claims evidenced by proofs of claim filed prior to the proof of
7 claim bar date, which have not been disallowed by the Court. The estimated total amount of Class
8 10 Claims is \$92,000. In addition, there is approximately \$561,284.18 of contingent Unsecured
9 Claims. This includes the *contingent* Claim of TD Bank. TD Bank did not file a proof of claim and
10 therefore is not a participant of the treatment of Class 10 Unsecured Claims. In addition, the
11 *contingent* Unsecured Claims include the non-priority unsecured portion of security deposits by
12 tenants in the approximately amount of \$26,919.20. These contingent security deposits will be
13 paid in accordance with the Security Deposit Order [Docket No. 91], when and if they become due.

14 All Class 10 Allowed Unsecured Claims, together with interest thereon, calculated in
15 accordance with the Federal Judgment Rate, from and after the Petition Date until the date of
16 payment, will be paid in full, in installments, by the Reorganized Debtor. Commencing on the first
17 Business Day of the second (2nd) full calendar month after the Effective Date, and on the like day
18 of each month thereafter, the Reorganized Debtor will allocate \$5,000 per month to be distributed
19 *pro rata* to each of the holders of an Allowed Class 10 Claim. Debtor anticipates that based on this
20 installment payment schedule, each Allowed Class 10 Claim will be satisfied in full, with interest,
21 within a period of two (2) years. Should additional funds become available to Debtor, Debtor may,
22 but is not obligated, to accelerate payment to the Allowed Class 10 Claim holders.

1 **D. Allowance or Disallowance of Claims**

2 **1. Disputed Claim**

3 A Disputed Claim is a Claim that has not been allowed or disallowed, and to which either:
4 (i) a proof of claim has been filed or deemed filed, and the Debtors or another party in interest has
5 filed an objection; or (ii) no proof of claim has been filed, and the Debtors has scheduled such a
6 Claim as disputed, contingent or unliquidated either as part of Schedule F or herein. Debtor filed
7 numerous motions to disallow certain Claims. See Exhibit C attached hereto. Debtor also disputes
8 the Priority Tax Claims of the FTB and the IRS. Debtor is currently working with these taxing
9 authorities and has not yet filed an objection to these Claims. All objections to any Disputed Claim
10 will be filed by no later than one (1) year after the Effective Date.

11 **2. Delay of Distribution on a Disputed Claim**

12 No distribution will be made on account of a Disputed Claim until such a Claim is allowed by
13 a Final Order.

14 **3. Settlement of Disputed Claims**

15 The Debtor will have the power and authority to settle and compromise a Disputed Claim
16 following Court approval and compliance with Rule 9019 of the Federal Rules of Bankruptcy
17 Procedure.

18 **E. Means of Effectuating the Plan**

19 Debtor proposes to implement and consummate the Plan through the means contemplated
20 in the Plan.

21 **1. Funding for the Plan**

22 The Plan will be funded by the following: (i) available cash on the Effective Date¹³; and (ii)
23 cash available after the Effective Date from, among other things, the funds which may be received
24 by the Reorganized Debtor from the ownership, operation and sale or liquidation of the Debtor's
25 assets, the collection of rents, and monies which the Court approved Debtor to borrow. Attached

26 _____
27 ¹³ The available cash on the Effective Date will include portions of the post-petition
28 financing in the amount of \$1.5 million not applied toward satisfying the First Bank Settlement and
Klein Settlement.

1 hereto as **Exhibit D** is a schedule showing the funds that will be available on the Effective Date
2 and attached as **Exhibit F** is the Debtor's projected monthly cash flow.

3 Debtor will use funds on hand on the Effective Date, generated from (i) post-petition
4 financing, (ii) the Reorganized Debtor's salary, and (iii) proceeds from the sale of properties to pay
5 for those administrative expenses due on the Effective Date (or, alternatively, set aside the funds
6 pending this Court's approval of Allowed Administrative Claims, including those of Professionals).
7 These funds will be deposited into the Administrative Reserve.

8 Debtor's monthly income, generated from its rental units and Debtor's salary, will be used
9 to satisfy (i) the Post Petition Debt Servicing, (ii) ongoing regularly monthly debt servicing of loans
10 that constitute Classes 2 - 6 Claims, (iii) the monthly \$5,000 installment payments to Class 10
11 Allowed Claims, (iv) other expenses related to the Rental Properties, (v) Debtor's other living
12 expenses, (vi) any post-Effective Date professional fees, and (vii) any other Allowed Administrative
13 Claim or Allowed Priority Tax Claim to the extent that the Administrative Reserve is not sufficient.
14 Attached hereto as **Exhibit F** is a schedule of the Reorganized Debtor's monthly projected cash
15 flow.

16 **2. Post-Confirmation Management**

17 On the Effective Date, all rights and obligations of the Debtor and the Estate under the Plan
18 will be assigned to and assumed by the Reorganized Debtor. The Reorganized Debtor will be
19 managed by the same management as the Debtor.

20
21 **F. Risk Factors**

22 Debtor does not believe that there are any material risks associated with performance of
23 the Plan, since Debtor anticipates that it will have sufficient cash on the Effective Date to fund all
24 Plan payments required to be paid of the Effective Date and sufficient revenues thereafter to paid
25 all other obligations due under the Plan.
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1 **G. Other Provisions of the Plan**

2 **1. Assumption and Assignment of Certain Executory Contracts**

3 To the extent that, as of the Confirmation Hearing, those executory contracts and
4 unexpired leases identified on **Exhibit G** hereof have not been (1) assumed, or (2) assumed and
5 assigned, or (3) rejected, each of such executory contracts and unexpired leases will be assumed
6 as of the Effective Date and concurrently assigned to Reorganized Debtor. Debtor does not
7 believe there are any outstanding cure amounts that require payment in order to assume those
8 executory contracts and unexpired leases identified in Exhibit G.

9 **2. Rejection of Executory Contracts and Unexpired Leases**

10 All executory contracts and unexpired leases of Debtor which, as of the Effective Date, (1)
11 have not been assumed, or (2) assumed and assigned, or (3) rejected, or (4) are not the subject
12 of a pending motion to assume such executory contract or unexpired lease, or (5) are not set forth
13 on Exhibit G hereof are and will be deemed rejected by the Confirmation Order. Debtor does not
14 anticipate that any executory contracts or unexpired leases will be rejected.

15 **3. Proofs of Claim with Respect to Rejection Damages**

16 Pursuant to the Confirmation Order and Bankruptcy Rule 3002(c)(4), and except as
17 otherwise provided by the Court, proofs of claim for Claims arising from the rejection of an
18 executory contract or unexpired lease will be filed with the Court no later than thirty (30) days
19 after the earlier of (i) entry of an order of the Court approving such rejection; and (ii) the
20 Confirmation Date, or such Claim will be forever barred. Debtor is not aware of any potential
21 rejection damages.

22 **4. Changes in Rates Subject to Regulatory Commission Approval**

23 Debtor is not subject to governmental regulatory commission approval of rates.

24 **5. Retention of Jurisdiction.**

25 Notwithstanding Confirmation or the Effective Date having occurred, the Court will retain
26 jurisdiction finalize the administration of the Case and to resolve any disputes and issues
27 concerning the Claims and the Plan.

1 **H. Tax Consequences of Plan**

2 CREDITORS CONCERNED WITH HOW THE PLAN MAY AFFECT THEIR TAX LIABILITY
3 SHOULD CONSULT WITH THEIR OWN ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS. The
4 following disclosure of possible tax consequences is intended solely for the purpose of alerting
5 readers about possible tax issues the Plan may present to Debtor. Debtor CANNOT and DOES
6 NOT represent that the tax consequences contained below are the only tax consequences of the
7 Plan because the Tax Code embodies many complicated rules which make it difficult to state
8 completely and accurately all the tax implications of any action.

9 The Plan will not affect Shalan's tax liability, as Shalan is a limited liability company and is
10 therefore a "pass-through" entity for tax purposes.

11 INTERNAL REVENUE SERVICE ("IRS") CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE
12 WITH REQUIREMENTS IMPOSED BY THE IRS, CREDITORS ARE HEREBY NOTIFIED THAT: (A)
13 ANY DISCUSSION OF U.S. FEDERAL INCOME TAX CONTAINED OR REFERRED TO IN THIS
14 CONFIDENTIAL MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND
15 CANNOT BE RELIED UPON, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE
16 IMPOSED UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "TAX CODE");
17 (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING
18 (WITHIN THE MEANING OF CIRCULAR 230) OF THE TRANSACTIONS OR MATTERS
19 ADDRESSED HEREIN; AND (C) CREDITORS SHOULD SEEK ADVICE BASED ON THEIR
20 PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

21 The following disclosure (the "Tax Disclosure") summarizes certain federal income tax
22 consequences of the implementation of the Plan to holders of Claims in impaired Classes. It does
23 not address the federal income tax consequences to holders whose secured or priority Claims are
24 entitled to reinstatement or payment in full (in cash or with property) under the Plan, or to holders
25 of Claims who agree to treatment different from that generally provided for in the Plan.

26 Moreover, the Tax Disclosure summarizes only certain of the federal income tax
27 consequences associated with the Plan's implementation, and does not attempt to comment on all
28 such aspects of the Plan's implementation. Certain of the federal income tax consequences
described in the Tax Disclosure are complex and are subject to uncertainties. The Debtor has not
requested a ruling from the IRS or an opinion of counsel with respect to any of the tax aspects of
the Plan. Thus, no assurance can be given as to the interpretation that the IRS will adopt.

1 In addition, the Tax Disclosure does not attempt to consider any facts or limitations
2 applicable to any particular Creditor which may modify or alter the consequences described below.
3 Examples of particular taxpayers who might have special tax treatment include but are not limited
4 to those who do not hold a Claim as a capital asset (unless otherwise specified), foreign taxpayers,
5 former spouses, broker-dealers, banks, mutual funds, insurance companies, financial institutions,
6 small business investment companies, regulated investment companies, tax-exempt organizations,
7 and investors in pass-through entities. The Tax Disclosure also does not address state, local, or
8 foreign tax consequences or the consequences of any federal tax other than the federal income
9 tax.

10 The following summary is based on the Tax Code, Treasury regulations promulgated
11 thereunder, judicial decisions, and published administrative rules and pronouncements of the IRS
12 in effect on the date hereof. Changes in, or new interpretations of, such rules may have
13 retroactive effect and could significantly affect the federal income tax consequences described
14 below.

15 **ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN FEDERAL INCOME TAX**
16 **CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A**
17 **SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE**
18 **INDIVIDUAL CIRCUMSTANCES OF A HOLDER OF A CLAIM. EACH HOLDER OF A CLAIM**
19 **IS URGED TO CONSULT ITS OWN TAX ADVISOR FOR THE FEDERAL, STATE, LOCAL,**
20 **AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.**

21 **1. Direct Tax Consequences for Holders of Class 10 Allowed Claims**

22 Distributions by the Reorganized Debtor to a Creditor with a Class 10 Allowed Claim will be
23 taxable to such Creditor. A distribution allocated to accrued interest should be taxable as interest
24 income, if such accrued interest has not otherwise been included by that time. (See "Distributions
25 in Discharge of Accrued Interest," Section 3(a) of this Tax Disclosure.)

26 The distributions (excluding amounts allocated to accrued interest, as discussed in
27 "Distributions in Discharge of Accrued Interest," Section 3(a) of this Tax Disclosure) should initially
28 reduce the Creditor's adjusted tax basis in its Allowed Claim. If a Creditor has any adjusted tax

1 basis remaining after the final distribution, the Creditor should recognize a loss equal to the
2 amount of adjusted tax basis remaining. If the amount distributed exceeds the Creditor's adjusted
3 tax basis, the Creditor should recognize gain equal to the amount of the excess. In general, gain
4 (or loss) is capital gain (or capital loss) when the Allowed Claim is held as a capital asset, and
5 ordinary income (or ordinary loss) otherwise. Capital gains are taxed at a favorable rate if held for
6 more than one year. Capital losses generally are limited to offsetting only capital gains.

7 A Creditor with a Class 10 Allowed Claim might be able to claim a partial worthlessness
8 deduction in its taxable year including the Effective Date, or possibly an earlier year. Creditors
9 should consult their tax advisors regarding their ability to avail themselves of such a deduction.

10 **2. Tax Considerations for All Holders of Impaired Claims**

11 **a. Distributions in Discharge of Accrued Interest**

12 For purposes of the Tax Disclosure, "Accrued Interest" means interest that accrued but was
13 unpaid while the underlying Claim was held by the Creditor.

14 A Creditor who, under its accounting method, was not previously required to include in
15 income Accrued Interest attributable to an Allowed Claim, and who exchanges such an Allowed
16 Claim for Cash or other property (including new indebtedness) pursuant to the Plan, should be
17 treated as receiving ordinary interest income to the extent of any consideration so received
18 allocable to such Accrued Interest, regardless of whether that Creditor realizes an overall gain or
19 loss as a result of the exchange of its Allowed Claim, and regardless of whether the Creditor's
20 Allowed Claim is a capital asset in its hands. A Creditor generally should be able to recognize a
21 deductible loss (or, possibly, a write-off against a reserve for bad debts) to the extent any Accrued
22 Interest claimed was previously included in its gross income and is not paid in full by the Debtor.
23 The tax basis of any property received in exchange for Allowed Claims for Accrued Interest should
24 be the fair market value of such property. The holding period for such property should begin the
25 day after the exchange.

26 Under the Plan, distributions in respect of Allowed Claims will be allocated first to the stated
27 principal amount of such Claims, with any excess allocated to Accrued Interest. However, there
28

1 can be no assurance that the IRS or the courts will respect the Plan allocation for federal income
2 tax purposes.

3 **b. Withholding**

4 All distributions to holders of Allowed Claims under the Plan are subject to applicable
5 withholding (including employment tax withholding). Accordingly, certain holders receiving non-
6 cash consideration under the Plan may be required to pay the required withholding tax.

7 Under federal income tax law, interest and other reportable payments may be subject to
8 "backup withholding," at a rate of 28% currently but scheduled to increase to 31% for tax years
9 beginning after December 31, 2010. Backup withholding generally applies if the holder (a) fails to
10 furnish its social security number or other taxpayer identification number ("TIN"), (b) furnishes an
11 incorrect TIN, (c) fails to report properly interest or dividends, or (d) under certain circumstances,
12 fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its
13 correct number and that it is not subject to backup withholding. Backup withholding is not an
14 additional tax, but merely an advance payment that may be refunded to the extent it results in an
15 overpayment of tax. Certain persons are exempt from backup withholding.

16 **3. Tax Consequences to the Debtor**

17 **a. Reduction of Indebtedness**

18 Because the Debtor intends to continue business operations following the Confirmation,
19 Debtor may receive a discharge with respect to some of his indebtedness. The amount by which a
20 Creditor's actual debt cancellation exceeds the fair market value of consideration received by that
21 Creditor, is the "Debt Discharge Amount" with respect to that Creditor. Debt Discharge Amounts
22 may arise with respect to Creditors who receive, in partial satisfaction of their Claims (including
23 any Accrued Interest that the Debtor has accounted for, for tax purposes), consideration consisting
24 of Cash or new indebtedness of the Debtor. The fair market value of new indebtedness is
25 generally deemed to equal its "issue price," which in the case of Secured Claims generally should
26 be the principal amount of the new indebtedness. The Debtor should also have Debt Discharge
27 Amounts to the extent that unsecured Creditors holding unscheduled Claims fail to timely file a
28 Proof of Claim and have their Claims discharged pursuant to section 1141 of the Bankruptcy Code.

1 In general, the Tax Code provides that a taxpayer who realizes a cancellation or discharge
2 of indebtedness must generally include the Debt Discharge Amount in its gross income in the
3 taxable year of discharge. No income from the discharge of indebtedness is realized to the extent
4 that payment of the liability being discharged would have given rise to a deduction.

5 If a taxpayer is in a case under the Bankruptcy Code and a cancellation of indebtedness
6 occurs pursuant to a confirmed plan, however, such Debt Discharge Amount is specifically
7 excluded from gross income (the "Bankruptcy Exception"). The Debtor intends to take the position
8 that the Bankruptcy Exception applies to him and to all cancellation of indebtedness incurred
9 during the pendency of this bankruptcy case. Accordingly, the Debtor believes he should not be
10 required to include in income any Debt Discharge Amount as a result of the Plan.

11 Section 108(b) of the Tax Code, however, requires that certain tax attributes of the Debtor
12 be reduced by the Debt Discharge Amount excluded from income. Tax attributes are reduced in
13 the following order of priority: net operating losses and net operating loss carryovers; general
14 business credits; minimum tax credits; capital loss carryovers; basis of property of the taxpayer;
15 passive activity loss or credit carryovers; and foreign tax credit carryovers. Tax attributes are
16 generally reduced by one dollar for each dollar excluded from gross income, except that general
17 tax credits, minimum tax credits, and foreign tax credits are reduced by 33.3 cents for each dollar
18 excluded from gross income. An election can be made to alter the order of priority of attribute
19 reduction by first applying the reduction against depreciable property held by the taxpayer in an
20 amount not to exceed the aggregate adjusted basis of such property. The Debtor does not
21 presently intend to make such election. If this decision were to change, the deadline for making
22 such election is the due date (including extensions) of his federal income tax returns for the
23 taxable year in which such debt is discharged pursuant to the Plan.

24 **General Disclaimer**

25 THE FOREGOING FEDERAL INCOME TAX SUMMARY HAS BEEN PROVIDED FOR INFORMATIONAL
26 PURPOSES ONLY. ALL CREDITORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS
27 CONCERNING THE FEDERAL, STATE, LOCAL, AND OTHER TAX CONSEQUENCES OF THE PLAN.
28

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1 **IV.**
2 **CONFIRMATION REQUIREMENTS AND PROCEDURES**

3 PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OF THE PLAN SHOULD
4 CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW ON CONFIRMING A PLAN OF
5 REORGANIZATION IS VERY COMPLEX. The following discussion is intended solely for the purpose
6 of alerting readers about basic confirmation issues, which they may wish to consider, as well as
7 certain deadlines for filing Claims. Debtor CANNOT and DOES NOT represent that the discussion
8 contained below is a complete summary of the law on this topic.

9 Many requirements must be met before the Court can confirm a Plan. Some of the
10 requirements include that the Plan must be proposed in good faith, acceptance of the Plan,
11 whether the Plan pays Creditors at least as much as Creditors would receive in a Chapter 7
12 liquidation, and whether the Plan is feasible. These requirements are not the only requirements
13 for confirmation.

14 **A. Who May Vote or Object**

15 **1. Who May Object to Confirmation of the Plan**

16 Any party in interest may object to the Confirmation of the Plan, but as explained below
17 not everyone is entitled to vote to accept or reject the Plan.

18 **2. Who May Vote to Accept/Reject the Plan**

19 A Creditor has a right to vote for or against the Plan if that Creditor has a Claim which is
20 both (1) allowed or allowed for voting purposes and (2) classified in an impaired Class.

21 **a. What Is an Allowed Claim**

22 As noted above, a Creditor must first have an Allowed Claim to have the right to vote.
23 Generally, any Claim will be allowed, unless a party in interest brings a motion objecting to the
24 Claim. When an objection to a Claim is filed, the Creditor holding the Disputed Claim cannot vote
25 unless the Court, after notice and hearing, either overrules the objection or allows the Claim for
26 voting purposes. THE BAR DATE FOR FILING A PROOF OF CLAIM IN THIS CASE WAS MARCH 31,
27 2010.
28

1 A Claim is deemed allowed if (1) it is listed on Schedules and such Claim is not scheduled
2 as disputed, contingent, or unliquidated or (2) a Creditor filed a proof of claim, and (3) no party in
3 interest has objected to the Claim.

4 b. What Is an Impaired Claim

5 An Allowed Claim has the right to vote if it is in a class that is impaired under the Plan. A
6 Class is impaired if the Plan alters the legal, equitable, or contractual rights of the members of that
7 Class.

8 In this Case, Debtor believes that Classes 9 and 10 are impaired and that holders of Claims
9 in each of these Classes are, therefore, entitled to vote to accept or reject the Plan. Debtor
10 believes that the remaining Classes are unimpaired, that holders of Claims in each of these Classes
11 therefore do not have the right to vote to accept or reject the Plan and these Classes are deemed
12 to have accepted the Plan. Parties who dispute the Debtor's characterization of their Claim as
13 being impaired or unimpaired may file an objection to the confirmation of the Plan, contending
14 that the Debtor has incorrectly characterized the Class.

15 **3. Who is Not Entitled to Vote**

16 The following five types of Claims are not entitled to vote: (1) Claims that are Disputed
17 Claims; (2) Claims that have been disallowed; (3) Claims in unimpaired Classes; (4) Claims entitled
18 to priority pursuant to Code; and (5) Claims in classes that do not receive or retain any value
19 under the Plan. Claims in unimpaired Classes are not entitled to vote because such Classes are
20 deemed to have accepted the Plan. Claims entitled to priority pursuant to Code sections 507
21 (a)(2) and (a)(8) are not entitled to vote because such Claims are not placed in Classes and they
22 are required to receive certain treatment specified by the Code. EVEN IF YOUR CLAIM IS OF THE
23 TYPE DESCRIBED ABOVE, YOU MAY STILL HAVE A RIGHT TO OBJECT TO THE CONFIRMATION
24 OF THE PLAN.

25 **4. Who Can Vote in More Than One Class**

26 A Creditor whose Claim has been allowed in part as a Secured Claim and in part as an
27 Unsecured Claim is entitled to accept or reject a Plan in both capacities by casting one ballot for
28 the secured part of the Claim and another ballot for the Unsecured Claim.

1 **5. Votes Necessary to Confirm the Plan**

2 If impaired Classes exist, the Court cannot confirm the Plan unless (1) at least one impaired
3 Class has accepted the Plan without counting the votes of any insiders within that Class, and (2) all
4 impaired Classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by
5 "cramdown" on non-accepting classes.

6 **6. Votes Necessary for a Class to Accept the Plan**

7 A Class of Claims is considered to have accepted the Plan when more than one-half (1/2) in
8 number and at least two-thirds (2/3) in dollar amount of the Claims which actually voted, voted in
9 favor of the Plan.

10 **7. Treatment of Nonaccepting Classes**

11 As noted above, even if all impaired Classes do not accept the Plan, the Court may
12 nonetheless confirm the Plan if the nonaccepting Classes are treated in the manner required by the
13 Code. The process by which nonaccepting classes are forced to be bound by the terms of the Plan
14 is commonly referred to as "cramdown." The Code allows the Plan to be "crammed down" on
15 nonaccepting Classes of Claims if the Plan meets all consensual requirements except the voting
16 requirements of 1129(a)(8) and if the Plan does not "discriminate unfairly" and is "fair and
17 equitable" toward each impaired Class that has not voted to accept the Plan as referred to in 11
18 U.S.C. § 1129(b) and applicable case law.

19 **8. Request for Confirmation Despite Nonacceptance by Impaired Class(es)**

20 Debtor will ask the Court to confirm the Plan by cramdown on impaired Classes if any of
21 these Classes do not vote to accept the Plan.

22 **B. Liquidation Analysis**

23 Another Confirmation requirement is the "Best Interest Test", which requires a liquidation
24 analysis. Under the Best Interest Test, if a claimant is in an impaired Class and that Class does not
25 unanimously vote to accept the Plan, then that claimant must receive or retain under the Plan
26 property of a value not less than the amount that such holder would receive or retain if Debtor
27 were liquidated under Chapter 7 of the Code.

1 In a Chapter 7 case, Debtor's assets are usually sold by a Chapter 7 trustee. Secured
2 Creditors are paid first from the sales proceeds of collateral on which the Secured Creditor has a
3 lien. Administrative Claims are paid next. Next, unsecured Creditors are paid from any remaining
4 sales proceeds, according to the priority established in the Bankruptcy Code. Unsecured Creditors
5 with the same priority share in proportion to the amount of their allowed Claim in relationship to
6 the amount of total Allowed Unsecured Claims.

7 For the Court to be able to confirm the Plan, the Court must find that all Creditors who do
8 not accept the Plan will receive at least as much under the Plan as such holders would receive
9 under a Chapter 7 liquidation. The Debtor maintains that this requirement is met here for the
10 following reasons:

11 The Plan is a Reorganizing Plan. Under the Plan, every Creditor with an Allowed Claim will
12 be paid in full. Debtor has satisfied the liquidation analysis because all Allowed Claims are paid in
13 full under the Plan.

14 **C. Feasibility**

15 Another requirement for Confirmation involves the feasibility of the Plan, which means that
16 Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further
17 financial reorganization, of Debtor or any successor to Debtor under the Plan, unless such
18 liquidation or reorganization is proposed in the Plan.

19 There are at least two important aspects of a feasibility analysis. The first aspect considers
20 whether Debtor will have enough cash on hand on the Effective Date of the Plan to pay all the
21 Claims and expenses which are entitled to be paid on such date. Attached hereto as Exhibit D is a
22 schedule of Debtor's anticipated cash available as of the Effective Date. Debtor maintains that
23 this aspect of feasibility is satisfied as illustrated in Exhibit D. The sources of the cash Debtor will
24 have on hand by the Effective Date is shown in the Exhibit D.

25 The second aspect of feasibility considers whether the Debtor will have enough cash over
26 the life of the Plan to make the required Plan payments. Plan payments to Class 10 Allowed
27 Claims as well as future loan and other payment obligations will be made from ongoing rent
28 payments, post-petition financing, salary and cash on hand. Debtor also anticipates generating

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1 additional cash from the sale or operation of the remaining Shalan and Rapoport Properties.
2 Debtor contends that the Debtor's financial projections are feasible, as demonstrated by the
3 projected cash flow projections set forth in Exhibits E and F hereto.

4
5 **V.**

6 **EFFECT OF CONFIRMATION OF PLAN**

7 **A. Discharge**

8 **1. Shalan Discharge.** Subject to the Plan's provisions, Confirmation will bind Debtor,
9 all Creditors, and other parties in interest to the provisions of the Plan whether or not the Claim of
10 such Creditor is impaired under the Plan and whether or not such Creditor has accepted the Plan.

11 Except as otherwise provided in the Plan or in the Confirmation Order, on the Effective
12 Date, to the extent applicable, Shalan will be discharged from any debt that arose before
13 Confirmation of the Plan, and any debt of a kind specified in Section 502(g), 502(h) or 502(i) of
14 the Code whether or not a proof of claim based on such debt was filed or deemed filed under
15 Section 501 of the Bankruptcy Code, such Claim was allowed under Section 502 of the Bankruptcy
16 Code or the holder of such Claim accepted the Plan.

17 Subject to the provisions of the Plan, nothing contained in the Plan will limit the effect of
18 Confirmation as described in Sections 524 and/or 1141 of the Code, and on the Effective Date,
19 Shalan will be deemed discharged and released to the fullest extent permitted by Section 1141 of
20 the Bankruptcy Code.

21 Subject to the provisions of the Plan, on or after the Effective Date, all parties that have
22 held, currently hold, or may hold a Claim discharged pursuant to the terms of the Plan will be
23 permanently enjoined by Section 524 of the Code from taking any of the following actions on
24 account of any such discharged claim: (a) commencing or continuing in any manner any action or
25 other proceeding against the Reorganized Debtor, (b) enforcing, attaching, collecting, or
26 recovering in any manner any judgment, award, decree, or order against the Reorganized Debtor,
27 provided, however, that the foregoing injunction will not apply to bar any claim of recoupment or
28 setoff, (c) creating, perfecting, or enforcing any lien or encumbrance against the Reorganized
Debtor, and (d) commencing or continuing any action, in any manner, in any place, that does not

1 comply with or is inconsistent with the provisions of the Plan or Confirmation Order. Any person
2 violating such injunction may be liable for actual damage, including costs and attorneys' fees and,
3 in appropriate circumstances, punitive damages.

4 **2. Rapoport Discharge.** After the payment in full of the Allowed Claims in
5 accordance with the Plan and the Confirmation Order, after notice and a hearing, pursuant to
6 § 1141(d)(5) of the Code, Rapoport will be entitled to receive a discharge of all Claims and
7 obligations and the entry of the discharge injunction, subject to the limitations of 11 U.S.C. §§ 523
8 and 1141(d)(2).

9 **3. Revesting of Property in the Debtor.** Upon Confirmation of the Plan, all assets
10 owned by Shalan prior to the Shalan Petition Date will revest in Shalan and all assets owned by
11 Rapoport prior to the Rapoport Petition Date will revest in Rapoport.

12 **B. Modification of Plan**

13 Debtor may modify the Plan at any time before Confirmation only if (1) the Plan has not
14 been substantially consummated and (2) the Court authorizes the proposed modifications after
15 notice and a hearing. However, the Court may require a new disclosure statement and/or revoting
16 on the Plan. As indicated above, since, in connection with the Klein Settlement and pending sales
17 of properties certain Claims are likely to be paid in full prior to the Confirmation hearing, Debtor
18 will modify the Plan by the deletion of Classes presently included in the Plan.

19 **C. Post-Confirmation Status Report**

20 Within 120 days of the entry of the order confirming the Plan, the Reorganized Debtor will
21 file a status report with the Court explaining what progress has been made toward consummation
22 of the confirmed Plan. The status report will be served on the UST, the twenty largest unsecured
23 Creditors, and those parties who have requested special notice. Further status reports will be filed
24 every 120 days and served on the same entities.

25 **D. Statutory Fees**

26 Statutory fees accruing under 28 U.S.C. § 1930(a)(6) to date of Confirmation will be paid to
27 the UST on or before the Effective Date. Statutory fees accruing under 28 U.S.C. § 1930(a)(6)

28

1 after Confirmation will be paid to the UST in accordance with 28 U.S.C. § 1930(a)(6) until entry of
2 a final decree, or entry of an order of dismissal or conversion to chapter 7.


3 **E. Post-Confirmation Conversion/Dismissal**

4 A Creditor may bring a motion to convert or dismiss the case under § 1112(b), after the
5 Plan is confirmed, if there is a default in performing the Plan. If the Court orders the case
6 converted to Chapter 7 after the Plan is confirmed, then all property that had been property of the
7 Chapter 11 Estate, and that has not been disbursed pursuant to the Plan, will revert in the Chapter
8 7 Estate. The automatic stay will be reimposed upon the revested property, but only to the extent
9 that relief from stay was not previously authorized by the Court during this case. The order
10 confirming the Plan may also be revoked under very limited circumstances. The Court may revoke
11 the order if the order of confirmation was procured by fraud and if the party in interest brings an
12 adversary proceeding to revoke confirmation within 180 days after the entry of the order of
13 confirmation.

14 **F. Final Decree**

15 Once the Estate has been fully administered as referred to in Bankruptcy Rule 3022, the
16 Debtor, or other party as the Court will designate in the Confirmation Order, will file a motion with
17 the Court to obtain a final decree to close the case.

18 DATED: November 1, 2011

19 By: 
20 Alan Rapoport, Trustee of the Alan and Shelley
21 Rapoport Family Trust, Dated 10/15/99, which is
the sole member of SHALAN ENTERPRISES, LLC

22 By: 
23 Alan Rapoport, Debtor

24 Presented By:

25 JEFFER MANGELS BUTLER & MITCHELL LLP

26 By: /s/ Joseph A. Eisenberg
27 JOSEPH A. EISENBERG P.C.
Attorneys for Debtor

28

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EXHIBIT A

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13 Alan Rapoport

14 **UNITED STATES BANKRUPTCY COURT**
15 **CENTRAL DISTRICT OF CALIFORNIA**
16 **LOS ANGELES DIVISION**

17 In re

18 SHALAN ENTERPRISES, LLC,
19 Substantively consolidated with
20 Alan Rapoport,

21 Debtor(s).

Case No.: 2:09-bk-43263-PC
Case No.: 2:09-bk-43499-PC

Chapter 11

AMENDED JOINT CHAPTER 11 PLAN
[Dated November 1, 2011]

- 22 This pleading affects Shalan only
23 This pleading affects Rapoport only
24 This pleading affects both Shalan and
25 Rapoport

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28

1 Pursuant to section 1121 of the Bankruptcy Code, SHALAN ENTERPRISES, LLC, and ALAN
2 RAPOPORT propose this Joint Chapter 11 Plan [Dated October 3, 2011]:

3
4 **ARTICLE I.**

5 **DEFINITIONS AND CONSTRUCTION**

6 **A. Terms Defined in the Plan.**

7 In addition to such other terms as are defined in other sections of this Plan, the following
8 terms shall have the following meanings ascribed thereto:

9 1. "Administrative Claim" means a Claim entitled to priority pursuant to
10 sections 503(b) and 507(a)(1) of the Code, including without limitation, the actual and necessary
11 costs and expenses of preserving and operating the Estate, compensation and reimbursement of
12 expenses for legal and other services awarded under sections 328, 330(a) and 331 of the Code,
13 and all fees and charges assessed against the Estate pursuant to Chapter 123 of Title 28, United
14 States Code.

15 2. "Administrative Reserve" means the monies to be retained in trust by
16 counsel for Debtor in order to fund the payment of Allowed Administrative Claims in accordance
17 with Article II hereof.

18 3. "Allowed Administrative Claim" means that portion of an Administrative
19 Claim which is an Allowed Claim.

20 4. "Allowed Claim" means a Claim which is (a) listed in the Schedules, other
21 than a Claim scheduled as disputed, contingent or unliquidated; (b) proof of which was timely filed
22 with the Court, and as to which no objection has been filed; or (c) has otherwise been allowed by
23 this Plan or a Final Order.

24 5. "Allowed Priority Claim" means that portion of a Priority Claim which is an
25 Allowed Claim.

26 6. "Allowed Priority Tax Claim" means that portion of a Priority Tax Claim which
27 is an Allowed Claim.

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1 7. "Allowed Unsecured Claim" means that portion of an Unsecured Claim which
2 is an Allowed Claim.

3 8. "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure
4 promulgated by the United States Supreme Court pursuant to section 2075 of Title 28, United
5 States Code, and the Local Bankruptcy Rules, as the same may be applicable to the Case.

6 9. "Business Day" means any day except Saturday, Sunday or any other day on
7 which the law authorizes commercial banks in Los Angeles, California, to close.

8 10. "Case" means the chapter 11 case of Shalan consolidated with the chapter
9 11 case of Rapoport, pending before the Court, bearing Case Nos. 2:09-bk-43263-PC and 2:09-bk-
10 43499-PC.

11 11. "Claim" means (a) any right to payment against Debtor, and (b) any right to
12 an equitable remedy for breach of performance if such breach gives rise to a right to payment
13 against Debtor.

14 12. "Class" means a class of Claims as designated in Article III of this Plan.

15 13. "Code" means the Bankruptcy Code, as codified in Title 11 of the United
16 States Code, 11 U.S.C. §§ 101 *et seq.*, including all amendments thereto, to the extent such
17 amendments are applicable to the Case.

18 14. "Confirmation" means the entry of the Confirmation Order.

19 15. "Confirmation Order" means the Order of the Court confirming this Plan
20 pursuant to section 1129 of the Code.

21 16. "Court" means the United States Bankruptcy Court for the Central District of
22 California or such other court as may have jurisdiction over of the Case.

23 17. "Creditor" means the holder of a Claim, whether or not such Claim is an
24 Allowed Claim.

25 18. "Debtor" means Shalan and Rapoport, jointly.

26 19. "Disbursing Agent" means the Reorganized Debtor, or such other person or
27 entity designated in the Confirmation Order, to make, on and after the Effective Date, the
28 distributions to Creditors in accordance with this Plan and the Confirmation Order.

1 20. "Disclosure Statement" means the Disclosure Statement in respect of the
2 Plan propounded by Debtor in accordance with section 1125 of the Code.

3 21. "Disputed Claim" means a Claim that is not an Allowed Claim.

4 22. "Effective Date" means the second Business Day after entry of the
5 Confirmation Order on which no stay of the Confirmation Order is in effect.

6 23. "Estate" means the estate created in the Case pursuant to section 541(a) of
7 the Code.

8 24. "Federal Judgment Rate" means that interest rate provided in 28 U.S.C.
9 § 1961.

10 25. "Final Order" means an order, decree or judgment of the Court, the
11 operation or effect of which has not been reversed, stayed, modified or amended, and as to which
12 order, decree or judgment (or any revision, modification or amendment thereof), the time to
13 appeal or seek review or rehearing has expired and as to which no appeal or petition for review or
14 rehearing has been taken or is pending.

15 26. "Klein" means Perry and Rita Klein.

16 27. "Klein Settlement" means the agreements, understandings and undertakings
17 between, *inter alia*, Debtor and Klein as set forth in that certain Compromise and Settlement
18 Agreement, dated as of June 21, 2011, approved by the Court pursuant to that *Order Authorizing*
19 *Execution and Performance of Settlement Agreement and Compromise of Controversy Pursuant to*
20 *Bankruptcy Rule 9019* entered on July 11, 2011.

21 28. "Petition Date" means as to Shalan November 25, 2009, and as to Rapoport
22 November 30, 2010.

23 29. "Plan" means this DEBTORS' CHAPTER 11 PLAN [Dated October 3, 2011],
24 and any amendments hereto or modifications hereof.

25 30. "Priority Claim" means a Claim, other than an Administrative Claim or a
26 Priority Tax Claim, entitled to priority under section 507(a) of the Code.

27 31. "Priority Tax Claim" means a Claim specified in section 507(a)(8) of the
28 Code.

1 32. "Professional" means any person or entity (a) retained in the Case pursuant
2 to an order of the Court in accordance with sections 327 or 1103 of the Code, (b) who seeks
3 compensation or reimbursement of expenses pursuant to section 503(b) of the Code, and (c)
4 whose fees and expenses are subject to approval by the Court pursuant to sections 330, 331 and
5 1129(a)(4) of the Code.

6 33. "Recovery Rights" means any and all causes of action, claims, obligations,
7 suits, debts, judgments and demands, whether in law or in equity, which are property of Debtor
8 and the Estate, including such rights and claims arising from sections 544 through and including
9 550, and 553, of the Code.

10 34. "Reorganized Debtor" means the Debtor on and after the Effective Date.

11 35. "Schedules" means the Schedules of Assets and Liabilities, as modified or
12 amended from time to time, filed with the Court by the Debtor in accordance with section 521 of
13 the Code and Bankruptcy Rule 1007.

14 36. "Secured Claim" means a Claim secured by a properly perfected lien on, or
15 security interest in, property of the Estate, but only to the extent of the value of the interest of the
16 holder of such Claim in the Estate's interest in such property.

17 37. "Statutory Fees" means those fees required to be paid to the Office of the
18 United States Trustee pursuant to section 1930 of Title 28 of the United States Code, 28 U.S.C. §
19 1930.

20 38. "Tenant" means an occupant of a parcel of real property which is property of
21 the Estate as of the Effective Date.

22 39. "Unsecured Claim" means any Claim which is not an Administrative Claim, a
23 Secured Claim or a Priority Claim, including Claims, if any, arising from the rejection of executory
24 contracts and unexpired leases.

25 **B. Interpretation; Rules of Construction; Computation of Time.**

26 1. Any term used in this Plan that is not defined herein, whether in this Article I
27 or elsewhere, but that is used in the Code or the Bankruptcy Rules has the meaning subscribed to

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1 that term in (and shall be construed in accordance with the rules of construction under) the Code
2 or the Bankruptcy Rules.

3 2. The words *herein, hereof, hereto, and hereunder* and others of similar
4 import refer to this Plan as a whole and not to any particular article, section, subsection or clause
5 contained in this Plan.

6 3. Unless specified otherwise in a particular reference, a reference in this Plan
7 to an article or a section is a reference to that article or section of this Plan.

8 4. Any reference in this Plan to a document being in a particular form means
9 that the document shall be in substantially such form.

10 5. Any reference in this Plan to an existing document means such documents,
11 as it may have been amended, modified or supplemented from time to time.

12 6. Whenever from the context it is appropriate, each term stated in either the
13 singular or the plural shall include both the singular and the plural.

14 7. In addition to the foregoing, the rules of construction set forth in section 102
15 of the Code shall apply to the Plan.

16 8. In computing any period of time prescribed or allowed by the Plan, the
17 provisions of Bankruptcy Rule 9006(a) shall apply.

18 9. All Exhibits to this Plan are incorporated into this Plan, and shall be deemed
19 included in this Plan, regardless of when filed with the Court.

20
21 **ARTICLE II.**

22 **ADMINISTRATIVE AND PRIORITY TAX CLAIMS**

23 **A. Administrative Claims.** Except as hereinafter provided and unless the
24 holder of an Allowed Administrative Claim agrees otherwise, the Disbursing Agent shall pay to each
25 holder of an Allowed Administrative Claim cash equal to such Allowed Administrative Claim, on the
26 later of (1) the Effective Date, or (2) the date on which, pursuant to a Final Order, such Creditor
27 becomes the holder of an Allowed Administrative Claim.

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1 **B. Administrative Claims of Post-Petition Date Lenders.**

2 Notwithstanding any other provision of the Plan and the Code, the Administrative Claims of those
3 persons and entities who made loans to Debtor after the Petition Date in accordance with Final
4 Orders of the Court shall not be paid in accordance with the immediately preceding Paragraph
5 II.A., but shall be paid in accordance with the terms approved by such Final Orders.

6 **C. Administrative Claims of Professionals.** To the extent not paid on or

7 before the Effective Date, each Allowed Administrative Claim of a Professional for services
8 rendered before the Effective Date, shall be paid from the Administrative Reserve, following entry
9 of an order of the Court, after notice and a hearing, fixing the amount of such Allowed
10 Administrative Claim. To the extent that the Administrative Reserve is not sufficient to pay such
11 Allowed Administrative Claim of a Professional, the Reorganized Debtor shall pay such deficiency,
12 in full, on demand.

13 Claims for professional services rendered from and after the Effective Date in
14 connection with the Case, whether by Professionals, professionals retained by the Reorganized
15 Debtor, or otherwise, shall be compensated by the Reorganized Debtor, without further application
16 to, or approval of, the Court, within fifteen (15) Business Days after submission of invoices for
17 such services to the Reorganized Debtor and notice thereof to such parties in interest as may be
18 designated in the Confirmation Order.

19 **D. Bar Date for Administrative Claims.** All applications for final

20 compensation of a Professional for services rendered and for reimbursement of expenses incurred
21 on or before the Effective Date (including, without limitation, any compensation requested by any
22 Professional or other entity for making a substantial contribution to the Case) and all other
23 requests for payment of Administrative Claims (except only for the Claims for Statutory Fees) shall
24 be filed no later than sixty (60) days after the Effective Date. Any such Claim not filed within this
25 deadline shall be forever barred, and holders of Administrative Claims who are required to file a
26 request for payment of such Claims and who do not file such requests by the bar date shall be
27 forever barred from asserting such Claims against Debtor, the Estate, the Reorganized Debtor, or
28 any of them, and the property thereof.

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1 **E. Payment of Statutory Fees.** On or before the Effective Date,
2 Administrative Claims for Statutory Fees shall be paid in cash, in full. From and after the Effective
3 Date, all Statutory Fees shall be paid, as and when due, by the Reorganized Debtor.

4 **F. Priority Tax Claims.** The Disbursing Agent shall pay to each holder of an
5 Allowed Priority Tax Claim cash equal to the then-unpaid portion of such Allowed Priority Tax
6 Claim, on the later of (a) the Effective Date, or (b) the date on which, pursuant to a Final Order,
7 such Creditor becomes the holder of an Allowed Priority Tax Claim. Notwithstanding the foregoing,
8 the Reorganized Debtor may elect to pay any Allowed Priority Tax Claim periodic or regular
9 installments of cash after the Effective Date over a period of five (5) years from the Petition Date,
10 the total value of which shall be equal to the amount of such Allowed Priority Tax Claim. The
11 Disbursing Agent is authorized to pay each Allowed Priority Tax Claim from funds available to the
12 Estate, including any undisbursed remaining funds in the Administrative Reserve, to satisfy such
13 Allowed Priority Tax Claims.

14 **G. Reservation of Rights Under Section 505 of the Code.**
15 Notwithstanding Confirmation and the occurrence of the Effective Date, Debtor and the Estate
16 reserve the right, in accordance with section 505 of the Code, to seek a determination by the Court
17 of, and the Court shall retain the jurisdiction to determine, the validity, amount and priority of (1)
18 any Priority Tax Claim, however and whenever arising, and (2) any Administrative Claim (a)
19 asserted or which could have been asserted by a governmental unit, and (b) which if such Claim
20 had arisen prior to the Petition Date, would have been a Priority Tax Claim.
21

22 **ARTICLE III.**

23 **CLASSIFICATION OF CLAIMS**

24 **A. Manner of Classification of Claims.** All Claims (save and except, in
25 accordance with section 1123(a)(1) of the Code, Administrative Claims and Priority Tax Claims) are
26 defined and hereinafter designated in respective Classes. The Plan is intended to deal with all
27 Claims. However, only Allowed Claims will receive any distribution under this Plan.
28

B. Limitation on Inclusion in a Class. A Claim shall be deemed classified in a particular Class only to the extent that the Claim qualifies within the description of that Class.

C. Classification. Claims are divided into the following Classes:

<u>CLASS #</u>	<u>DESCRIPTION</u>
<u>Class 1:</u>	Any Unpaid Pre-Petition Secured Property Tax Claims
<u>Class 2:</u> Bank of America ("BOA")	<i>Class 2-A:</i> Secured Claim of BOA, secured by first priority lien on property located at 2165 North Camino Agrios, Tucson, AZ
	<i>Class 2-B:</i> Secured Claim of BOA, secured by first priority lien on property located at 3016 S. Elinore Drive, Tucson, AZ
	<i>Class 2-C:</i> Secured Claim of BOA, secured by first priority lien on property located at 2342 South Via De Dos Arroyos, Tucson, AZ
	<i>Class 2-D:</i> Secured Claim of BOA, secured by first priority lien on property located at 9942 East Deer Trail, Tucson, AZ
<u>Class 3:</u> GMAC Mortgage LLC ("GMAC")	<i>Class 3-A:</i> Secured Claim of GMAC, secured by first priority lien on property located at 30657 Passageway Pl., Agoura Hills, CA
	<i>Class 3-B:</i> Secured Claim of GMAC, secured by first priority lien on property located at 5827 Cape Horn Drive, Agoura Hills, CA
<u>Class 4:</u> Wells Fargo Bank N.A. ("WF")	<i>Class 4-A:</i> Secured Claim of WF, secured by first priority lien on property located at 10246 East Calle Cadiz, Tucson, AZ.
	<i>Class 4-B:</i> Secured Claim of WF, secured by first priority lien on property located at 10273 East Falcon Point, Tucson, AZ.
	<i>Class 4-C:</i> Secured Claim of WF, secured by first priority lien on property located at 9195 East Ironbark St., Tucson, AZ
	<i>Class 4-D:</i> Secured Claim of WF, secured by first priority lien on property located at 9123 East Placita Arroyo Seco, Tucson, AZ
	<i>Class 4-E:</i> Secured Claim of WF, secured by first priority lien on property located at 9881 East Wind Dancer, Tucson, AZ
	<i>Class 4-F:</i> Secured Claim of WF, secured by first priority lien on property located at 9143 East 33rd Street, Tucson, AZ
	<i>Class 4-G:</i> Secured Claim of WF, secured by first priority lien on property located at 5322 Lakecrest Drive, Agoura Hills, CA
	<i>Class 4-H:</i> Secured Claim of WF, secured by first priority lien on property located at 4515 Roma Court, Marina del Rey, CA ¹
<u>Class 5:</u> CitiMortgage, Inc.	Secured Claim of CitiMortgage, secured by first priority lien on property located at 2139 N. Creek Vista, Tucson, AZ.

¹ Mr. and Mrs. Rapoport reside in property located at 4515 Roma Court, Marina Del Rey, CA (the "Residential Home"). Title of the Residential Home was transferred from Mr. and Mrs. Rapoport to Roma Court Qualified Personal Residence Trust dated March 21, 2006, for estate planning purposes. The loan secured by the Residential Home is however the obligation of Debtor.

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CLASS #	DESCRIPTION
Class 6: Nationstar Mortgage f/k/a First Horizon	Secured Claim of Nationstar, secured by first priority lien on property located at 9457 E. Lilly Bay Loop, Tucson, AZ
Class 7: Other Secured Claims	Any other Allowed Claim that is secured that is not otherwise identified hereinabove.
Class 8: Wells Fargo Bank N.A. ("WF")	Secured Claim of WF, secured by first priority lien on property located at 166 Walter Circle, Newbury Park, CA
Class 9:	All Claims of Klein
Class 10:	All Unsecured Claims not included in any other Class

ARTICLE IV.

TREATMENT OF CLAIMS

A. Class 1 - Unimpaired Secured Property Tax Claims. Class 1

Unimpaired Secured Property Tax Claims are **not impaired**. Each of the pre-petition secured property tax claims has been paid prior to the date of this Disclosure Statement. To the extent, if any, that any such Unimpaired Secured Tax Claims have not been paid in full prior to the Effective Date, each claimant in Class 1 shall retain its lien rights and all legal, equitable, and contractual rights with respect to the Claims of Class 1.

B. Class 2 - 7 Unimpaired Secured Claims. Claims in Classes 2 - 7 include

those secured claims in which the rights of the holder of the secured claim shall not be modified by the plan and are thus **not impaired**. To the extent, if any, that such Claims have not been paid in full prior to the Effective Date, each Class 2 -7 Claim holder shall retain all legal, equitable and contractual rights with respect to each of the claims to which it is entitled.

C. Class 8 Claims - Secured Claims Subject to Satisfaction Upon

Transfer to Klein. Class 8 Claims are **not impaired**. To the extent, if any, that such Claims have not been paid in full prior to the Effective Date, each Class 8 Claim holders shall retain all legal, equitable and contractual rights with respect to each of the claims to which it is entitled.

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1 **D. Class 9 - Claims of Klein.** The Class 9 Claims of Klein are **impaired**
2 under the Plan. In full treatment, satisfaction and discharge of the Class 9 Claims, Klein shall
3 receive the treatment provided in the Klein Settlement.

4 **E. Class 10 Unsecured Claims.** Class 10 Claims are **impaired** under this
5 Plan. All Class 10 Allowed Unsecured Claims, together with interest thereon, calculated in
6 accordance with the Federal Judgment Rate, from and after the Petition Date until the date of
7 payment, shall be paid in full, in installments, by the Reorganized Debtor. Commencing on the
8 first Business Day of the second (2nd) full calendar month after the Effective Date, and on the like
9 day of each month thereafter, the Reorganized Debtor shall allocate \$5,000 per month to be
10 distributed *pro rata* to each of the holders of an Allowed Class 10 Claim. Debtor anticipates that
11 based on this installment payment, each Allowed Class 10 Claim shall be satisfied in full, with
12 interest, within a period of two (2) years. Should additional funds become available to the
13 Reorganized Debtor, the Disbursing Agent may, but is not obligated, to accelerate payment to the
14 Allowed Class 10 Claim holders.

15
16 **ARTICLE V.**

17 **IMPLEMENTATION OF THE PLAN**

18 **AND MEANS OF EXECUTION**

19 **A. Implementation of Plan.** Debtor proposes to implement and
20 consummate the Plan through the means contemplated by sections 1123(a)(5) (B),(D), (E), and
21 (G), 1123(a)(7), and 1123(b)(1), (2),(3)(B),(4), (5) and (6) of the Code.

22 **B. Establishment of the Administrative Reserve.** On the Effective Date,
23 Debtor shall transfer sufficient monies to establish the Administrative Reserve, and the holder
24 thereof shall maintain the Administrative Reserve in a segregated account until distribution thereof
25 in accordance with Paragraph II.B. hereof, or other order of the Court. Within ten (10) Business
26 Days after payment of the Allowed Administrative Claims of Professionals, the unexpended balance
27 of the Administrative Reserve, if any, shall be transferred to the Reorganized Debtor. If the
28 Administrative Reserve is not sufficient to pay the Allowed Administrative Claims of Professionals in

1 full, any such deficiency shall be paid by Reorganized Debtor within ten (10) days of written
2 demand upon Reorganized Debtor therefor.

3 **C. Revesting of Recovery Rights.** On the Effective Date, all Recovery
4 Rights, including, but not limited to, causes of action and claims for relief on account and in
5 respect of the provisions of sections 362, 510, 542, 544, 545, 547, 548, 549, and 553 of the Code,
6 shall revest in the Reorganized Debtor. Pursuant to section 1123(b)(3)(B) of the Code, the
7 Reorganized Debtor shall be designated and serve as the representative of the Estate and shall
8 have the full power, authority and standing to prosecute, compromise or otherwise resolve such
9 Recovery Rights, with all net proceeds derived therefrom to become property of the Reorganized
10 Debtor and may be utilized to fund payments to the holders of Class 10 Claims in accordance
11 herewith.

12
13 **ARTICLE VI.**

14 **DISPUTED CLAIMS**

15 **A. Objections to Claims.** The Reorganized Debtor shall have the non-
16 exclusive standing and authority to object to Claims and to defend any counterclaims asserted in
17 connection therewith.

18 **B. Disputed Claims.** At such time as, pursuant to a Final Order, a Disputed
19 Claim becomes an Allowed Claim, the Reorganized Debtor shall pay such Allowed Claim in
20 accordance with the treatment provided in this Plan for the Class in which such previously
21 Disputed Claim qualifies. Distributions shall be made with respect to any Disputed Claim which
22 becomes an Allowed Claim on or as soon as practicable after the date on which each such
23 Disputed Claim becomes an Allowed Claim, in accordance with the treatment of such Allowed
24 Claim stated herein. All objections to any Disputed Claim will be filed by no later than one (1) year
25 after the Effective Date.

26 **C. Surrender.** Notwithstanding any other provision hereof, no holder of an
27 Allowed Claim shall receive any distribution under this Plan in respect of such Allowed Claim until
28 such holder has surrendered to the Reorganized Debtor or to the Disbursing Agent, as may be

1 appropriate, any instrument or certificate evidencing such Allowed Claim, or, in the case of any
2 instrument or certificate alleged to be lost, stolen or destroyed, until evidence of loss and
3 indemnity satisfactory to the Reorganized Debtor shall have been delivered.

4
5 **ARTICLE VII.**

6 **TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

7 **A. Assumption and Assignment of Certain Executory Contracts.** To the
8 extent that, as of the Confirmation Hearing, those executory contracts and unexpired leases
9 identified on Exhibit G to the Disclosure Statement have not been (1) assumed, or (2) rejected,
10 each of such executory contracts and unexpired leases shall be assumed as of the Effective Date
11 and concurrently assigned to Reorganized Debtor. On the Effective Date, the Disbursing Agent
12 shall pay to each non-Debtor counterparty to such executory contract and unexpired lease, the
13 cure amount set forth on Exhibit G to the Disclosure Statement (the "Cure Amount"), or, in the
14 event that such counterparty disputes the Cure Amount, (x) the amount set forth in the
15 Confirmation Order or (y) the amount set forth in a Final Order of the Court fixing such Cure
16 Amount.

17 **B. Rejection of Executory Contracts and Unexpired Leases.** All
18 executory contracts and unexpired leases of Debtor which, as of the Effective Date, (1) have not
19 been assumed or (2) rejected, or (3) are not the subject of a pending motion to assume such
20 executory contract or unexpired lease, or (4) are not set forth on Exhibit G to the Disclosure
21 Statement are and shall be deemed rejected by the Confirmation Order.

22 **C. Proofs of Claim with Respect to Rejection Damages.** Pursuant to the
23 Confirmation Order and Bankruptcy Rule 3002(c)(4), and except as otherwise provided by the
24 Court, proofs of claim for Claims arising from the rejection of an executory contract or unexpired
25 lease shall be filed with the Court no later than thirty (30) days after the earlier of (i) entry of an
26 order of the Court approving such rejection; or (ii) the Confirmation Date, or such Claim shall be
27 forever barred.

28

1 **ARTICLE VIII.**

2 **DISCHARGE**

3 **A. Shalan Discharge.** Subject to the provisions herein, Confirmation shall
4 bind Debtor, all Creditors, and other parties in interest to the provisions of the Plan whether or not
5 the claim of such Creditor is impaired under the Plan and whether or not such Creditor has
6 accepted the Plan.

7 Except as otherwise provided herein or in the Confirmation Order, on the Effective
8 Date, to the extent applicable, Shalan will be discharged from any debt that arose before
9 Confirmation of the Plan, and any debt of a kind specified in Section 502(g), 502(h) or 502(i) of
10 the Bankruptcy Code whether or not a proof of claim based on such debt was filed or deemed filed
11 under Section 501 of the Bankruptcy Code, such Claim was allowed under Section 502 of the
12 Bankruptcy Code or the holder of such Claim accepted the Plan.

13 Subject to the provisions herein, nothing contained herein shall limit the effect of
14 Confirmation as described in Sections 524 and/or 1141 of the Bankruptcy Code, and on the
15 Effective Date, Shalan shall be deemed discharged and released to the fullest extent permitted by
16 Section 1141 of the Bankruptcy Code.

17 Subject to the provisions herein, on or after the Effective Date, all parties that have
18 held, currently hold, or may hold a Claim discharged pursuant to the terms of the Plan shall be
19 permanently enjoined by Section 524 of the Bankruptcy Code from taking any of the following
20 actions on account of any such discharged claim: (a) commencing or continuing in any manner any
21 action or other proceeding against the Reorganized Debtor, (b) enforcing, attaching, collecting, or
22 recovering in any manner any judgment, award, decree, or order against the Reorganized Debtor,
23 provided, however, that the foregoing injunction shall not apply to bar any claim of recoupment or
24 setoff, (c) creating, perfecting, or enforcing any lien or encumbrance against the Reorganized
25 Debtor, and (d) commencing or continuing any action, in any manner, in any place, that does not
26 comply with or is inconsistent with the provisions of the Plan or Confirmation Order. Any person
27 violating such injunction may be liable for actual damage, including costs and attorneys' fees and,
28 in appropriate circumstances, punitive damages.

1 **B. Rapoport Discharge.** After the payment in full of the Allowed Claims in
2 accordance herewith and the Confirmation Order, after notice and a hearing, pursuant to
3 § 1141(d)(5) of the Code, Rapoport shall be entitled to receive a discharge of all Claims and
4 obligations and the entry of the discharge injunction, subject to the limitations of 11 U.S.C. §§ 523
5 and 1141(d)(2).

6 **ARTICLE IX.**

7 **RETENTION OF JURISDICTION**

8 Notwithstanding Confirmation or the Effective Date having occurred, the Court shall retain
9 jurisdiction for the following purposes:

10 **A. Allowance of Claims.** To hear and determine the allowability of all Claims
11 upon objections to such Claims;

12 **B. Plan Interpretation.** To resolve controversies and disputes regarding the
13 interpretation of this Plan;

14 **C. Plan Implementation.** To implement and enforce the provisions of this
15 Plan and enter orders in aid of Confirmation and implementation of this Plan;

16 **D. Plan Modification.** To modify this Plan pursuant to section 1127 of the
17 Code and the applicable Bankruptcy Rules;

18 **E. Adjudication of Controversies.** To adjudicate such contested matters
19 and adversary proceedings as may be pending or initiated in the Court;

20 **F. Injunctive Relief.** To issue any injunction or other relief appropriate to
21 implement the intent of this Plan, and to enter such further orders enforcing any injunctions or
22 other relief issued under this Plan or in the Confirmation Order;

23 **G. Correct Minor Defects.** To correct any defect, cure any omission or
24 reconcile any inconsistency or ambiguity in this Plan, the Confirmation Order or any document
25 executed or to be executed in connection therewith, as may be necessary to carry out the
26 purposes and intent of this Plan, provided that the rights of any holder of an Allowed Claim are not
27 materially and adversely affected thereby;

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1 **H. Post-Confirmation Orders Regarding Confirmation.** To enter and
2 implement such orders as may be appropriate in the event the Confirmation Order is, for any
3 reason, stayed, reversed, revoked, modified or vacated;

4 **I. Executory Contracts and Unexpired Leases.** To determine any and all
5 pending applications for the rejection, assumption or assumption and assignment of executory
6 contracts and unexpired leases to which Debtor is a party or with respect to which Debtor may be
7 liable, and to hear and determine, if the need be to liquidate, any and all Claims arising therefrom;

8 **J. Final Decree.** To enter a final decree closing the Case;

9 **K. Other Matters.** To determine such other matters as may be provided for
10 in the Confirmation Order or as may from time to time be authorized under the provisions of the
11 Code or any other applicable law; and

12 **L. Enforcement of Orders.** To enforce all orders, judgments, injunctions and
13 rulings entered in connection with the Case.

14
15 **ARTICLE X.**

16 **MISCELLANEOUS PLAN PROVISIONS**

17 **A. Modification.** Debtor reserves the right to amend or modify this Plan
18 pursuant to section 1127 of the Code and the applicable Bankruptcy Rules.

19 **B. No Liability for Solicitation or Participation.** As specified in section
20 1125(e) of the Code, persons and entities that solicit acceptances or rejections of the Plan, in good
21 faith and in compliance with the applicable provisions of the Code, are not liable, on account of
22 such solicitation or participation, for violation of any applicable law, rule or regulation governing
23 the solicitation of acceptances or rejections of the Plan.

24 **C. Limitation of Liability.** Neither Debtor nor any of its respective
25 employees, members, agents, affiliates, or representatives, nor any Professionals employed by any
26 of them, shall have or incur any liability for any act taken or omission made in good faith in
27 connection with or related to formulating, implementing, confirming or consummating the Plan, or

1 any contract, instrument, release, or other agreement or document created in connection with the
2 Plan.

3 **D. Section 346 Injunction.** In accordance with section 346 of the Code, for
4 purposes of any state or local law imposing a tax, income will not be realized by the Estate or
5 Debtor by reason of the forgiveness of indebtedness resulting from the Case. As a result, each
6 state or local taxing authority is permanently enjoined and restrained, after the Confirmation Date,
7 from commencing, continuing or taking any act to impose, collect or recover in any manner any
8 tax against any Debtor, arising by reason of the forgiveness or discharge of indebtedness under
9 the Plan.

10 **E. Section 1146(c) Protection.** The transfer of any property of the Estate
11 incident to this Plan, shall be exempt from any law imposing a transfer tax, stamp tax or similar
12 tax, whether or not such transfer occurred on, before or after the Effective Date.

13 **F. Provisions Severable.** Should any provision in this Plan be determined to
14 be unenforceable, such determination shall in no way limit or affect the enforceability and
15 operative effect of any or all other provisions of this Plan.

16 **G. Payment.** Whether any payment or distribution to be made under this Plan
17 shall be due on a day other than a Business Day, such payment or distribution shall instead be
18 made, without interest, on the immediately following Business Day. Whenever payment of a
19 fraction of a cent would otherwise be called for, the actual payment shall reflect a rounding of
20 such fraction down to the nearest whole cent.

21 **H. Statutory Fees.** All post-Confirmation Statutory Fees will be paid by the
22 Reorganized Debtor until the Case is either converted, dismissed, or a final decree is entered,
23 whichever occurs first.

24 **I. Tax Withholding.** The Reorganized Debtor may withhold from any
25 distribution under the Plan any property that it determines must be withheld for taxes payable by
26 the person or entity entitled to such property to the extent required by applicable law.

27 **J. Unclaimed Distributions.** If the holder of an Allowed Claim fails to
28 negotiate a check issued to such Creditor within one (1) year after such check was issued, then

1 the amount of such distribution shall be deemed to be an Unclaimed Distribution, the payee of
2 such check shall have no further right thereto or to the amount represented, and all right, title and
3 interest in the Unclaimed Distribution shall vest in the Reorganized Debtor.

4 **K. Headings Do Not Control.** In interpreting this Plan, the headings of
5 individual sections are provided for convenience only, and are not intended to control over the text
6 of any section.

7 **L. Controlling Law.** Except to the extent governed by the Code or other
8 federal law, the rights, duties and obligations arising under the Plan shall be governed by, and
9 construed in accordance with, the laws of the State of California.


10
11 **ARTICLE XI.**

12 **CONFIRMATION REQUEST**

13 If necessary, Debtor requests Confirmation pursuant to section 1129(b) of the Code.

14 Dated: November 1, 2011

SHALAN ENTERPRISES, LLC,

15
16 By: 
17 Alan Rapoport

18 
19 ALAN RAPOPORT
20 Alan Rapoport

21 **Presented by:**

22 JEFFER MANGELS BUTLER & MITCHELL LLP

23
24 By: /s/ Joseph A. Eisenberg
25 JOSEPH A. EISENBERG P.C.
26 Attorneys for Debtor
27
28

JMBM
Jeffery Mangels
Butler & Mitchell LLP

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EXHIBIT B

Rapoport Properties

<u>Property Description</u>	<u>Current Status</u>
135 East Harmon Avenue #1501, Las Vegas, NV 89109	Sold on 10/28/2010.
135 East Harmon Avenue #1503, Las Vegas, NV 89109	Sold on 10/28/2010.
2777 Paradise Road, #2105, Las Vegas, NV 89109	Sold on 1/31/2011
230 West 56th Street, Apt. 56D, New York, NY 10019	Sold on 3/2/2011
2 Rue Allard Way, Henderson, NV 89011	Sold on 9/16/11
404 East 76th Street, Apt. 2J, New York, NY 10021	Sold on 9/23/11
404 East 76th Street, Apt. 2I, New York, NY 10021	Owned by Estate

Shalan Properties

125 Los Vientos Drive, Newbury Park, CA 91320	Sold on 8/3/2010
5645 Slicers Circle, Agoura Hills, CA 91301	Transferred on 9/1/11 per Klein Settlement
6017 Hackers Lane, Agoura Hills, CA 91301	Transferred on 9/1/11 per Klein Settlement
21981 Sundowners Lane, Lake Forest, CA 92630	Transferred on 9/1/11 per Klein Settlement
27312 Pinavette, Mission Viejo, CA 92691	Transferred on 9/1/11 per Klein Settlement
13 Marty Court, Newbury Park, CA 91320	Transferred on 9/1/11 per Klein Settlement
1674 Glenbrock, Newbury Park, CA 91320	Transferred on 9/1/11 per Klein Settlement
30865 Overfall Drive, Westlake Village, CA 91362	Transferred on 9/1/11 per Klein Settlement
552 Highview Street., Newbury Park, CA 91320	Transferred on 9/30/11 per Klein Settlement
5823 Cape Horn Drive, Agoura Hills, CA 91301	Transferred on 10/21/11 per Klein Settlement
166 Walter Circle, Newbury Park, CA 91320	Transfer to Kleins pending
30729 Mainmast Drive, Agoura Hills, CA 91301	Sale pending
30657 Passageway Place, Agoura Hills, CA 91301	Owned by Estate
30723 Mainmast Drive, Agoura Hills, CA 91301	Owned by Estate
5676 Slicers Circle, Agoura Hills, CA 91301	Owned by Estate
5827 Cape Horn Drive, Agoura Hills, CA 91301	Owned by Estate
5834 Cape Horn Drive, Agoura Hills, CA 91301	Owned by Estate
5883 Cape Horn Drive, Agoura Hills, CA 91301	Owned by Estate
5322 Lake Crest Drive, Agoura Hills, CA 91301	Owned by Estate
5354 Captains Place, Agoura Hills, CA 91301	Owned by Estate
5837 Lake Lindero Drive, Agoura Hills, CA 91301	Owned by Estate
9195 E. Ironbark Street, Tuscon, AZ 85747	Owned by Estate
10246 East Calle Cadiz, Tuscon, AZ 85747	Owned by Estate
2139 North Creek Vista Drive, Tuscon, AZ 85749	Owned by Estate
2165 N. Camino Agrios, Tuscon, AZ 85715	Owned by Estate

Updated 11/1/2011

Property Description

2342 S. Via De Dos Arroyos, Tuscon, AZ 85710
3016 S. Elinore Drive, Tuscon, AZ 85730
3760 North Lost Chestnut Drive, Tuscon, AZ
10273 E. Falcon Point, Tuscon, AZ 85730
9143 E. 33rd Street, Tuscon, AZ 85710
9123 E. Placita Arroyo Seco, Tucson, AZ 85710
9457 E. Lilly Bay Loop, Tuscon, AZ 85710
9881 E. Wind Dancer Drive, Tucson, AZ 85748
9942 East Deer Trail, Tuscon, AZ 85748

Current Status

Owned by Estate
Owned by Estate
Owned by Estate
Owned by Estate
Owned by Estate
Owned by Estate
Owned by Estate
Owned by Estate
Owned by Estate

Cell: A54

Comment: Authorized User:

All properties on this chart are rental properties except 4515 Roma Court, which is the Rapoport's primary residence.

Updated 11/1/2011

Exhibit B-61

EXHIBIT C

EXHIBIT C
Claims Objections

Rapport Claims Filed in 2:09-43499-PC

Claim No	Date of Claim	Claimant	Amount of Claim	Date of Objection to Claim	Basis of Objection	Status
1	12/14/2009	Chase Finance LLC - Ohio	\$431,018.58	9/1/2011	Claim Satisfied	Disallowed
4	12/21/2009	GMAC Mortgage LLC	\$72,717.14	9/9/2011	Claim Satisfied	Disallowed
6	1/20/2010	CitiMortgage Inc.	\$1,434,598.38	9/30/2011	Claim Satisfied	Disallowed
7	1/13/2010	GMAC Mortgage, LLC	\$65,893.26	9/9/2011	Claim Satisfied	Disallowed
9	1/26/2010	Wells Fargo Bank, N.A.	\$64,465.18	9/1/2011	Claim Satisfied	Disallowed
10	1/26/2010	Wells Fargo Bank, N.A.	\$41,936.13	9/30/2011	Claim Satisfied	Disallowed
12	2/10/2010	Wells Fargo Home Mortgage	\$26,181.66	9/30/2011	Claim Satisfied	Disallowed
13	2/16/2010	Chase Finance LLC - Ohio	\$493,733.14	9/30/2011	Claim Satisfied	Disallowed
14	1/25/2010	Wells Fargo Home Mortgage	\$56,335.09	9/9/2011	Claim Satisfied	Disallowed
15	1/25/2010	Wells Fargo Home Mortgage	\$55,833.23	9/9/2011	Claim Satisfied	Disallowed
18	1/19/2010	Rebel Systems	\$2,400.78	3/31/2010	Claim Satisfied	Disallowed
19	2/12/2010	LA County Tax Collector	\$7,143.78	8/26/2011	Claim Satisfied	Disallowed
20	3/2/2010	First Bank	\$1,680,494.04	9/1/2011	Claim Satisfied	Disallowed
22	3/12/2010	BAC Home Loan Servicing LP	\$517,564.72	9/1/2011	Claim Satisfied	Disallowed
25	3/25/2010	Chase Home Finance LLC	\$328,361.77	9/1/2011	Claim Satisfied	Disallowed
27	3/30/2010	Sylvia Lissat	\$150,292.84	3/31/2011	Claim Satisfied	Disallowed
28	4/7/2010	BAC Home Loan Servicing LP	\$20,784.95	9/30/2011	Claim Satisfied	Disallowed
29	4/19/2010	Clark County Tax Collection	\$16,723.88	8/26/2011	Claim Satisfied	Disallowed
31	5/21/2010	Chase Home Finance LLC	\$333,792.60	9/1/2011	Claim Satisfied	Disallowed
§ 1111(a)	Deemed Claim	Best in the West	\$200.00	8/26/2011	Claim Satisfied	Disallowed
§ 1111(a)	Deemed Claim	Bloom and Streit	\$250.00	8/26/2011	Claim Satisfied	Disallowed
§ 1111(a)	Deemed Claim	Leisure Time Pool	\$65.00	8/26/2011	Claim Satisfied	Disallowed
§ 1111(a)	Deemed Claim	Embarq	\$300.00	8/26/2011	Claim Satisfied	Disallowed
§ 1111(a)	Deemed Claim	Republic Services	\$50.00	8/26/2011	Claim Satisfied	Disallowed
§ 1111(a)	Deemed Claim	Four Turnberry Place	\$1,169.00	8/26/2011	Claim Satisfied	Disallowed
§ 1111(a)	Deemed Claim	The Signature at MGM Grand	\$5,000.00	8/26/2011	Claim Satisfied	Disallowed
§ 1111(a)	Deemed Claim	Josh Childress	\$24,150.00	8/26/2011	Claim Satisfied	Disallowed
§ 1111(a)	Deemed Claim	Michael Leonard	\$75.00	8/26/2011	Claim Satisfied	Disallowed

EXHIBIT C
Claims Objections

Rapoport Claims Filed in 1:09-bk-26975-GM

Claim No	Date of Claim	Claimant	Amount of Claim	Date of Objection to Claim	Basis of Objection	Status of Objection (as of Disclosure Statement file date)
1	12/14/2009	Chase Home Finance LLC	\$431,018.58	9/1/2011	Duplicative	Disallowed
2	12/15/2009	GMAC Mortgage LLC	\$21,096.53	9/1/2011	Duplicative	Disallowed
5	1/15/2010	GMAC Mortgage LLC	\$98,907.46	9/8/2011	Claim Satisfied	Disallowed

Updated 11/1/2011

EXHIBIT C
Claims Objections

Shalan Enterprises Claims Filed in 2:09-bk-432630-PC

Claim No	Date of Claim	Claimant	Amount of Claim	Date of Objection to Claim	Basis of Objection	Status of Objection (as of Disclosure Statement file date)
1	1/14/2011	Pima Arizona	\$15,285.68	3/31/2011		Disallowed
4	3/2/2010	First Bank	\$1,680,494.04	9/1/2011	Claim Satisfied	Disallowed
5	2/24/2010	Orange County Treasurer	\$2,511.77	8/26/2011	Claim Satisfied	Disallowed
6	2/24/2010	Orange County Treasurer	\$5,123.00	8/26/2011	Claim Satisfied	Disallowed

Shalan Enterprises Claims Filed in 1:09-bk-26974-GM

Claim No	Date of Claim	Claimant	Amount of Claim	Date of Objection to Claim	Basis of Objection	Status of Objection (as of Disclosure Statement file date)
2	1/11/2010	Crest Rancho HOA	\$1,160.00	8/26/2011	Claim Satisfied	Disallowed

EXHIBIT D

EXHIBIT D
Feasibility Analysis

	<u>Cash In</u>	<u>Cash Out</u>	<u>Comments</u>
Shalan Cash on Hand (as of 8/31)	\$144,056.64		As of 8/31/11
Rapoport Cash on Hand (as of 8/31)	\$106,200.19		As of 8/31/11
Mainmast Estimated Net Sales Proceeds	380,000	(\$14,947.52)	Payoff of Lake Lindero Mortgage
Funds in Escrow (FATCO) for satisfaction of Klein Settlement	\$64,000		Sale expected to close October 27, 2011, pending court approval
Payoff of Mortgages for Property Transferred to Kleins:		(\$27,524.47)	Balance Due 552 Highview St., Newbury Park 30-Sep
		\$0.00	Balance Due on 5823 Cape Horn 21-Oct
		(\$68,781.76)	Balance Due 166 Walter Avenue, Newbury Park 21-Nov
Remaining Balance Due on Klein Settlement		<u>(\$300,000.00)</u>	
Subtotal:	\$674,256.83	(\$411,253.75)	
Cash on Hand Subtotal as of Effective Date (Estimated 1/1/2012)	\$263,003.08		
AS OF EFFECTIVE DATE:		<u>(\$160,000.00)</u>	Approximate Professional Fees - Funds to be deposited into Administrative Reserve
Administrative Claims		\$103,003.08	
SUBTOTAL:		<u>(\$90,228.51)</u>	
POST-EFFECTIVE DATE PAYMENTS:			Disputed Claim Amounts - Amounts represent full amount of Claim as filed but amount will be amended pending determination of Allowed Priority Tax Claim amount. Debtor may elect to make payment (i) upon date on which creditor becomes holder of Allowed Priority Claim or Effective Date, or (ii) make regular or installment payments of cash after Effective Date over period of five (5) years from Petition Date.
Priority Tax Claims:		\$0.00	
- Property Taxes		\$0.00	
- CA FTB - Priority Rapoport Assessed Taxes		(\$11,980.86)	
- CA FTB - Shalan Assessed Taxes		(\$14,285.93)	
- IRS Priority Assessed Taxes		(\$63,961.72)	
Arrearages for Secured Claims:		\$0.00	
SUBTOTAL:		<u>(\$90,228.51)</u>	

Unsecured Claims:			
- Unsecured IRS Tax Disputed Claim:		(\$12,445.55)	
- Unsecured FTB Shalan Disputed Claim:		(\$2,305.07)	
- Est. Other Unsecured Allowed Claims		(\$92,000.00)	
Class 10 Allowed Unsecured Claims Subtotal:		<u>(\$106,750.62)</u>	
Est. Accrued Interest (1/1/09 - 12/13 @ Fed. Jdgmt. Rate of approx. 0.12% per annum		(\$640.50)	
Est. Class 10 Unsecured Allowed Claims		<u>(\$107,391.12)</u>	
Subtotal:		<u>(\$107,391.12)</u>	This amount to be paid over monthly installment payments, in which Debtor will distribute \$5,000 per month pro rata to Class 10 Allowed Claims, which will result in payoff in approximately 24 months after Effective Date. See Exhibit F regarding feasibility of monthly installment payment.

EXHIBIT E

EXHIBIT E
Rental Properties - Projected Monthly Cash Flow

RAPOPORT REAL ESTATE SCHEDULE 2012

PROPERTY ADDRESS ASSESSOR'S ID. NO.	Type Square Ft	Acquisition Date/Cost	Lender Interest Rate	Loan Number	Original 1st Mortgage	Payoff Year	Present combined loan balance	Market Value	Monthly Cash Flow				Cash Flow-Column 1 less 2, 3 & 4
									1. Rental Income	2. Loan Pay- ment/PI	3. Taxes & Insurance	4. HOA	
1 1827 Cape Horn Agoura Hills, CA 91301 2056-021-005	SFR 1220	5/86 \$200,000.00	GMAC 7.375	0307240420	\$160,000.00	JAN 2013	\$13,741.78	\$420,000.00	\$2,100.00	\$911.70	\$287.59	\$120.00	\$780.72
2 5834 Cape Horn Agoura Hills, CA 91301 2056-020-031	FB SFR 1500	5/84 \$137,000.00	Carl Jones		\$303,147.00		\$303,147.00	\$420,000.00	\$2,225.00	\$1,768.36	\$251.01	\$120.00	\$85.63
3 5883 Cape Horn Agoura Hills, CA 91301 2056-021-024	FB SFR 1350	2/88 \$175,000.00	Donald Weiss		\$303,147.00		\$303,147.00	\$420,000.00	\$1,950.00	\$1,768.36	\$286.06	\$120.00	-\$194.42
4 5354 Capitain's Place Agoura Hills, CA 91301 2054-004-047	FB SFR 1482	1/84 \$195,000.00	Michael Greenberg		\$303,147.00		\$303,147.00	\$420,000.00	\$2,300.00	\$1,768.36	\$294.67	\$120.00	\$116.87
5 10248 E Calle Cardiz Ave Tucson, Arizona 85747 141-18-1540	SFR 1913	3/03 \$160,000.00	Wells Fargo 6.125	25285726	\$120,000.00	2017	\$56,213.43	\$200,000.00	\$1,100.00	\$1,020.75	\$221.83	\$13.61	-\$166.19
6 1942 E Ober Trail Tucson, Arizona 85748 136-40-2740	SFR 1762	6/04 \$137,500.00 6/2017	B of A 6.85	7050178	\$110,000.00	2015	\$36,075.25	\$200,000.00	\$1,140.00	\$981.04	\$232.38	\$18.00	-\$9.22
7 10273 E Falcon Point Dr Tucson, Arizona 85730 136-41-8270	SFR 1470	7/02 \$144,000.00	Wells Fargo 6.375	0055928667	\$115,200.00	2015	\$41,031.16	\$200,000.00	\$970.00	\$896.62	\$216.60	\$14.00	-\$266.42
8 9186 E Ironhawk Tucson, Arizona 85747 141-28-2230	SFR 2005	9/03 \$170,000.00	Wells Fargo 6.375	0660683939	\$138,000.00	2017	\$59,538.11	\$200,000.00	\$1,050.00	\$1,173.38	\$196.00	\$10.00	-\$33.88
9 9457 E Lily Bay Loop Tucson, Arizona 85710 133-33-5280	SFR 1308	9/05 \$173,500.00	First Horizon 6.625	0055160332	\$138,800.00	2020	\$100,272.90	\$200,000.00	\$1,105.00	\$1,218.66	\$212.94	\$16.00	-\$34.00
10 9123 E Prichia Arroyo Seco Tucson, Arizona 85710 136-06-3260	SFR 1467	7/02 \$192,500.00	Wells Fargo 6.375	0055928683	\$106,000.00	2014	\$31,707.94	\$180,000.00	\$986.00	\$916.11	\$208.70	\$14.00	-\$144.81
11 9881 E Wind Dancer Dr Tucson, Arizona 85746 136-49-1810	SFR 1673	7/02 \$187,500.00	Wells Fargo 6.375	0055928626	\$134,000.00	2015	\$48,434.94	\$200,000.00	\$1,095.00	\$1,158.10	\$252.39	\$23.00	-\$338.69
12 9143 E 33rd Street Tucson, Arizona 85710 136-06-2960	SFR 1339	9/02 \$139,900.00	Wells Fargo 6.125	0055956946	\$111,820.00	2015	\$36,075.25	\$180,000.00	\$1,018.00	\$918.00	\$198.25	\$14.00	-\$110.25
13 404 E 76th Street Apt 21 New York City, NY 10021 (1)01470-1009	Condo 700	10/01 \$422,500.00				PAID OFF	PAID OFF	\$580,000.00	\$2,600.00		\$588.45	\$818.00	\$1,193.65
14 5322 Lakecrest Agoura Hills, CA 91301 2054-003-055	FB SFR 1231	3/85 \$182,000.00	Wells Fargo 7.375	4278963	\$146,000.00	SEPT 2012	\$9,775.15	\$420,000.00	\$2,100.00	\$758.75	\$296.75	\$120.00	\$923.50
15 5637 Lake Lindero Agoura Hills, CA 91301 2056-020-012	FB SFR 552	8/85 \$190,000.00	Robert Goldman		\$303,147.00		\$303,147.00	\$420,000.00	\$2,225.00	\$1,768.36	\$270.07	\$120.00	\$66.57
16 30723 Mainmast Agoura Hills, CA 91301 2054-018-121	SFR 1500	6/85 \$137,000.00	William Tai		\$303,147.00		\$303,147.00	\$420,000.00	\$2,200.00	\$1,768.36	\$246.66	\$120.00	\$64.96
17 2165 N Camino Agrios Tucson, Arizona 85716 133-05-1650	SFR 1800	10/01 \$180,000.00 12/2016	B of A 6.63	8910537	\$143,000.00	2014	\$36,247.62	\$200,000.00	\$1,200.00	\$1,278.36	\$285.77	\$60.00	-\$414.13
18 2189 N Creek Vista Dr Tucson, Arizona 85749 133-47-1460	SFR 1833	7/01 \$175,000.00	Chl Mortgage 6.825	0770051709-2	\$138,000.00	2016	\$30,168.34	\$200,000.00	\$1,225.00	\$1,229.20	\$285.82	\$113.00	-\$403.02
19 3760 N Lost Chestrnut Tucson, Arizona 85719 118-01-4360	SFR 1623	7/02 \$135,000.00 2/2017				PAID OFF	PAID OFF	\$200,000.00	\$1,125.00		\$240.74	\$92.00	\$792.26

EXHIBIT E
Rental Properties - Projected Monthly Cash Flow

PROPERTY ADDRESS ASSESSOR'S ID. NO.	Type Square Ft	Acquisition Date/Cost	Lender Interest Rate	Loan Number	Original 1st Mortgage	Payoff Year	Present combined loan balance	Market Value	1. Rental Income	2. Loan Pay- ment/PSI	3. Taxes & Insurance	4. HOA	Cash Flow-column 1 less 2, 3 & 4
20 30657 Passage Way Agoura Hills, CA 91301 2054-012-025	FB SFR 1470	4/83 \$195,000.00	GMAC 7.375	0507240223	\$166,000.00	MAY 2012	\$5,511.07	\$420,000.00	\$2,275.00	\$787.37	\$290.85	\$120.00	\$1,076.78
21 15676 Sycams Circle Agoura Hills, CA 91301 2054-018-153	FB SFR 1482	3/92 \$180,000.00				PAID OFF	PAID OFF	\$420,000.00	\$2,175.00		\$276.27	\$120.00	\$1,778.73
22 3016 S Elmore Drive Tucson, Arizona 85730 135-41-9570	SFR 1432	9/02 \$143,500.00 11/2017	B of A 6.125	21808373	\$114,800.00	2015	\$43,994.85	\$200,000.00	\$1,075.00	\$976.52	\$214.59	\$14.00	-\$130.11
23 2342 S Via De Dos Arroyos Tucson, Arizona 85740 135-96-3980	SFR 1618	9/02 \$141,000.00 11/2017	B of A 6.125	21208724	\$112,800.00	2015	\$42,048.76	\$200,000.00	\$1,305.00	\$959.50	\$221.48	\$14.00	\$110.02
SUB TOTALS:					\$3,458,255.00		\$2,115,672.55	\$9,920,000.00	\$46,553.00	\$24,127.86	\$8,044.76	\$2,303.61	\$4,076.73

Case 2:09-bk-43263-PC

EXHIBIT F

EXHIBIT F
Feasibility Analysis -
Projected Monthly Income/Expense Cash Flow

<u>MONTHLY INCOME/EXPENSE</u>	<u>INCOME</u>	<u>EXPENSES</u>
[1] Rental Income	\$36,553	
A. Rapoport Monthly Salary (net)	\$21,417	
<i>Rental Properties:</i>		
Monthly Mortgage Payments on		(\$24,127.86)
[2] Properties		
Additional Expenses Re Operation of		
Rental Units (including property taxes		(\$6,044.76)
and insurance):		
HOA Monthly Dues		(\$2,303.61)
Repairs, commissions, etc. re rentals		(\$2,000.00)
<i>Living Expenses</i>		
- Residence: Mortgage, Property		(\$5,775.37)
Taxes, Insurance, HOA		
- Rapoport Family Living Expenses		(\$12,000.00)
Payment to Allowed Class 11		
Claims:		(\$5,000.00) Payment for approximately 22 months. to payoff claims (including interest)
Subtotal:	\$57,970	(\$57,251.60)

[1] See Exhibit E - Schedule of Rental Income and Rental Property Expenses
 [2] This amounts includes loan servicing of post-petition financing secured by certain properties, as shown on Exhibit E.

EXHIBIT G

EXHIBIT G

RAPOPORT - EXECUTORY CONTRACTS AND UNEXPIRED LEASES TO BE ASSUMED

NAME AND MAILING ADDRESS, INCLUDING ZIP CODE OF OTHER PARTIES TO LEASE OR CONTRACT	DESCRIPTION OF CONTRACT OR LEASE AND NATURE OF DEBTOR'S INTEREST.	CURE AMOUNT
QPRT c/o Michael Greenberg 200 The Strand Manhattan Beach, CA 90266	Lease for 4515 Roma Court Per Roma Court QPRT	\$0

EXHIBIT G

SHALAN - EXECUTORY CONTRACTS AND UNEXPIRED LEASES TO BE ASSUMED

NAME AND MAILING ADDRESS, INCLUDING ZIP CODE OF OTHER PARTIES TO LEASE OR CONTRACT	DESCRIPTION OF CONTRACT OR LEASE AND NATURE OF DEBTOR'S INTEREST.	CURE AMOUNT
Kaydi Truman/Zacery Elam/ Theresa Costigan 5834 CAPEHORN DRIVE AGOURA HILLS, CA 91301	Lease for residential real property located at 5834 Cape Horn, Agoura Hills, CA 91301. Debtor is lessor.	\$0
Joe Conlon 5883 CAPEHORN DRIVE AGOURA HILLS, CA 91301	Lease for residential real property located at 5883 Cape Horn, Agoura Hills, CA 91301. Debtor is lessor.	\$0
Stratford Dews 5354 CAPTAINS PL AGOURA HILLS, CA 91301	Lease for residential real property located at 5354 Captains Place, Agoura Hills, CA 91301. Debtor is lessor.	\$0
Bryan & Jodi Rennie 9942 EAST DEER TRAIL TUCSON, AZ 85748	Lease for residential real property located at 9942 E Deer Trail, Tucson, AZ 85748. Debtor is lessor.	\$0
John & Jennifer Manchester 10273 E FALCON POINT DR TUCSON, AZ 85730	Lease for residential real property located at 10273 E Falcon Point, Tucson, AZ 85730. Debtor is lessor.	\$0
Saul Olivas & Yvette Espadas 9457 E LILLY BAY LOOP TUCSON, AZ 85710	Lease for residential real property located at 9457 E Lilly Bay Loop, Tucson, AZ 85710. Debtor is lessor.	\$0
Jessica Markley 9143 E 33rd PLACE TUCSON, AZ 85710	Lease for residential real property located at 9143 E 33rd Place, Tucson, AZ 85710. Debtor is lessor.	\$0
Debbie Lucas 5837 LAKE LINDERO DRIVE AGOURA HILLS, CA 91301	Lease for residential real property located at 5837 Lake Lindero Dr, Agoura Hills, CA 91301. Debtor is lessor.	\$0
Robert Walton/ Irina & Emily Shikhvarger 30723 MAINMAST DRIVE AGOURA HILLS, CA 91301	Lease for residential real property located at 30723 Maimast, Agoura Hills, CA 91301. Debtor is lessor.	\$0

EXHIBIT G

NAME AND MAILING ADDRESS, INCLUDING ZIP CODE OF OTHER PARTIES TO LEASE OR CONTRACT	DESCRIPTION OF CONTRACT OR LEASE AND NATURE OF DEBTOR'S INTEREST.	CURE AMOUNT
Shaul Maouda 30657 PASSAGEWAY PL AGOURA HILLS, CA 91301	Lease for residential real property located at 30657 Passageway Place, Agoura Hills, CA 91301. Debtor is lessor.	\$0
Lois Paha 2342 S VIA DE DOS ARROYOS TUCSON, AZ 85740	Lease for residential real property located at 2342 S Via de Dos Arroyos, Tucson, AZ 85740. Debtor is lessor.	\$0