

**UNITED STATES BANKRUPTCY COURT  
MIDDLE DISTRICT OF FLORIDA  
TAMPA DIVISION**

In re:

National Gold Exchange, Inc.

Debtor.

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Case No.: 08:09-bk-15972-MGW

Chapter 11

**DISCLOSURE STATEMENT FOR  
THE PHOENIX GOLD CORP.'S (Proponent)  
PLAN OF REORGANIZATION**

Richard J. McIntyre, Esquire  
McIntyre, Panzarella, Thanasides,  
Eleff & Hoffman, P.L.  
6943 E. Fowler Avenue  
Tampa, Florida 33617

September 4, 2009

## I. INTRODUCTION

This is the disclosure statement (the "Disclosure Statement") in the chapter 11 case of National Gold Exchange, Inc. (the "Debtor", "Company", or "NGE") which filed its voluntary Petition for Relief under Chapter 11 of the Bankruptcy Code on **July 24, 2009** (the "Petition Date"). This Disclosure Statement contains information about the Debtor and describes the Chapter 11 Plan of Reorganization (the "Plan") filed on September 4, 2009 (Doc. <sup>106</sup>#). The Plan was filed by The Phoenix Gold Corp. (the Proponent), a Florida corporation, and provides for the guaranty of certain payments by Mark Yaffee ("Yaffe"). A full copy of the Plan is on file with the United States Bankruptcy Court for the Middle District of Florida, Tampa Division (the "Court"), and is included with the ballot packet mailed to creditors, pursuant to Court order.

**Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.**

The proposed distributions under the Plan are discussed on pages 7 through 12 of this Disclosure Statement. General unsecured creditors are classified in Class 3, and will receive a distribution equal to one hundred percent (100%) of their allowed claim in monthly payments over one hundred twenty (120) months commencing January 15, 2010, or ninety (90) days after the Effective Date of the Plan, whichever is later.

### A. Purpose of This Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case;
- How the Plan proposes to treat claims or equity interests of the type you hold (*i.e.*, what you will receive on your claim or equity interest if the Plan is confirmed);
- Who can vote on or object to the Plan;
- What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan;
- Why the Debtor believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation; and
- The effect of confirmation of the Plan.

**Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.**

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

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

## 1. HEARINGS -

(a) **The Hearing** at which the Court will consider **conditional approval of this Disclosures Statement** will take place on **September 16, 2009**, at **10:00 a.m.** in **Courtroom 8A**, at the United States Bankruptcy Court, Sam M Gibbons Courthouse, 801 N. Florida Ave, Tampa, Florida.

(b) **The Hearing** at which the Court will consider whether to confirm the Plan and approve the Disclosure Statement will take place on **November 18, 2009**, at **11:00 a.m.** in **Courtroom 8A**, at the United States Bankruptcy Court, Sam M Gibbons Courthouse, 801 N. Florida Ave, Tampa, Florida.

2. **Ballots: If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to the U.S. Bankruptcy Court, 801 N. Florida Ave., Tampa FL 33602 and send a copy to McIntyre, Panzarella, Thanasides, Eleff & Hoffman, P.L., 6943 East Fowler Ave, Tampa, Florida 33617. A sample ballot is attached to this Disclosure Statement as Exhibit A. See Section IV A. below for a discussion of voting eligibility requirements. You must file your ballot with the Court, on or before [REDACTED], 2009, or it may not be counted.**

3. Objections to this Disclosure Statement must be filed and served upon all parties in interest on the Local Rule 1007-2 Mailing Matrix by or before September \_\_, 2009. Objections to the confirmation of the Plan must be filed with the Court and served upon all parties in interest on the Local Rule 1007-2 Mailing Matrix by [REDACTED], 2009.

4. If you want additional information about the Plan, you should contact Richard J. McIntyre, Esquire, McIntyre, Panzarella, Thanasides, Eleff & Hoffman, P.L., 6943 E. Fowler Avenue, Tampa, Florida 33617 or via email at [rich@mcintyrefirm.com](mailto:rich@mcintyrefirm.com).

### C. Disclaimer

**The Court has conditionally approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has conditionally approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. The Court's conditional approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan. Objections to the adequacy of this Disclosure Statement may be filed until [REDACTED], 2009.**

## II. BACKGROUND

### A. Description and History of the Debtor's Business

The Debtor is a Florida corporation that wholesales rare and foreign coins. Brothers Mark and Alan Yaffe began the business in the mid 1970's as high school students, opening a small coin and hobby store in Medford, Massachusetts.

After a period of time they closed the store and moved their business to local coin shows and flea markets. In 1979, when the price of gold spiked due to inflation, Mark Yaffe dropped out of Boston College and went into the business with Alan on a full time basis. The Company was incorporated that year.

In 1981, Mark traveled to Europe to purchase coins and establish the company as a gold dealer. By 1985, NGE had sales of approximately \$40,000,000 per year. NGE continued to grow in the late 1980s with a \$4,000,000.00 line of credit from local bank, Malden Trust Co. which ultimately was taken over by the R.T.C . NGE repaid the loan. Thereafter NGE obtained credit from Safra Bank and Imperial Bank; NGE repaid these respective loans in full.

In 1997, with eighteen years of operations, the Company grew further with a credit facility with Rhode Island Hospital Trust, which was taken over by Bank of Boston, then Fleet Bank and ultimately Sovereign Bank (“Sovereign” or the “Bank”) in 2001. From 2001 through 2008 the Debtor worked with the same Sovereign relations manager and staff.

On or about June 26, 2007, Sovereign and NGE entered into an Amended and Restated Loan Agreement, as subsequently amended (the “Loan Agreement”). NGE sales peaked in 2008 at \$285,000,000.00.

In 2008, Sovereign had financial difficulties and early in 2009 was restructured; one result of the restructuring was a decision by the Bank to terminate its precious metals lending department. At that time, NGE had a committed facility until July 1, 2010. NGE’s books and records were the subject of quarterly audits and annual audits by independent auditors.

See **Section D.** below for Events Leading to Chapter 11 Filing.

**B. Insiders of the Debtor**

Alan Yaffe, President, Director - \$ 700,000.00 – for each of the last 2 years  
Mark Yaffe, Treasurer, Director - \$ 700,000.00 - for each of the last 2 years  
Shirley Yaffe, Secretary - \$113,688.00- for each of the last 2 years  
Christel Yaffe Employee - \$38,000.00 (2008) \$30,000 (2007)  
Coleman Yaffe Employee - \$152,000 – for each of the last 2 years

**C. Management of the Debtor Before and During the Bankruptcy**

During the two years prior to the Petition Date, the officers, directors, managers or other persons in control of the Debtor (collectively the “Managers”) were:

2009

Alan Yaffe, President, Director  
Mark Yaffe, Treasurer, Director  
Shirley Yaffe, Secretary

2008

Alan Yaffe, President, Director  
Mark Yaffe, Treasurer, Director  
Shirley Yaffe, Secretary

2007

Alan Yaffe, President, Director  
Mark Yaffe, Treasurer, Director  
Shirley Yaffe, Secretary

**D. Events Leading to Chapter 11 Filing**

On or about July 10, 2009, Sovereign arrived at NGE unannounced and stated it was there to perform an audit pursuant to its rights under the Loan Agreement.

On July 21, 2009, Sovereign filed a Complaint and a motion for entry of an ex parte writ of replevin in the Circuit Court of the Thirteenth Judicial Circuit of Hillsborough, County, Florida, Civil Division ("Motion for Replevin"). The Honorable Judge Cook immediately considered the Motion for Replevin and promptly thereafter issued a writ of replevin ("Writ of Replevin"). NGE asserted that it was current on all loan payments to Sovereign and NGE contends that the Court did not require Sovereign to present any specific evidence that NGE had engaged or intended to engage in the destruction, concealment, or waste of Sovereign's collateral, or its removal from the state, removal from jurisdiction of the court, or transfer to an innocent party.

On or about July 23, 2009, the principals of the Debtor were served with the Writ of Replevin. Thereafter, agents for Sovereign began boxing up and removing inventory of the Debtor, copying proprietary information of the Debtor from Debtor's computers, and seizing and/or freezing all bank accounts of the Debtor, including, but not limited to, operating accounts and payroll accounts, all of which were located at Sovereign (collectively, the foregoing is hereinafter referred to as the "Property").

NGE requested that Sovereign unfreeze sufficient funds to pay its employees. Sovereign refused. Unable to pay their employees or provide product to their customers, Debtor filed a voluntary petition under Chapter 11 under Title 11 of the United States Bankruptcy Code (the "Code") on July 24, 2009 (the "Petition Date").

**E. Significant Events During the Bankruptcy Case**

On the Petition Date, Sovereign Bank filed an Emergency Motion to Excuse Turnover of Property of the Estate (Doc. #10), which was set for hearing July 28, 2009. The Court entered its Order on July 29, 2009 Granting Sovereign's Motion to Excuse Turnover without Prejudice (Doc. # 30). On August 7, 2009 the Court entered its Order Approving Application for Appointment of Chapter 11 Trustee (Doc. #60) and on August 28, 2009 the Court entered an Order Approving the Application to Employ Berger Singerman, P.A. as Attorney for the Chapter 11 Trustee (Doc. #99).

## **F. Projected Recovery of Avoidable Transfers**

Under the Plan, any recovery of avoidable transfers will belong to the Creditors' Trust and no party has completed its investigation with regard to prepetition transactions. If you received a payment or other transfer within 90 days of the bankruptcy, or other transfer avoidable under the Code the Creditors' Trust may see to avoid such transfer.

## **G. Claims Objections**

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtors reserve the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

## **H. Current and Historical Financial Conditions**

The Debtor is unable to access most of the books and records of NGE. **The Proponent of the Plan is unable to provide any representations as to the current value of the assets of the estate.** Therefore all figures/values are estimates and there are expressly no representations as to their accuracy if and until appraised by independent appraisers.

There were no recent financial statements issued by the Debtor before bankruptcy.

## **III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS**

### **A. What is the Purpose of the Plan of Reorganization?**

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

### **B. Unclassified Claims**

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent has *not* placed the following claims in any class:

1. Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists the Debtor's estimated administrative expenses, and their proposed treatment under the Plan:

<b>Type</b>	<b>Estimated Amount Owed</b>	<b>Proposed Treatment</b>
Expenses Arising in the Ordinary Course of Business After the Petition Date	\$0.00	Paid as debts come due in ordinary course.
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date	None known	N/A/
Professional Fees, as approved by the Court.	\$ Unknown	Paid as approved by the Court
Clerks Office Fees	\$ 0	Paid as due
Other administrative expenses	None known	
Office of the U.S. Trustee Fees	\$ Unknown	Paid as due
<b>TOTAL</b>	<b>\$</b>	

2. Priority tax claims are certain income, employment, and other taxes described by section 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief.

The Debtor's total estimated tax liability is as follows:

Internal Revenue Service: \$ unknown

Florida Department of Revenue: \$ unknown

Other: unknown

**C. Classes of Claims and Equity Interests**

The following are the **classes** set forth in the Plan, and the proposed treatment that they will receive under the Plan:

Class	Impairment	Treatment
Class 1 - Priority Claims	Impaired	Class 1 is impaired by this Plan. Each holder of an allowed Class 1 Priority Claim will be paid in full, in cash, with 5% interest, via 12 equal monthly payments beginning upon the later of the Effective Date of this Plan as defined in Article VII, or the date on which such claim is allowed by a final non-appealable order.
Class 2 – Secured Claim of Sovereign Bank	Impaired	Class 2 is impaired by this Plan. Sovereign Bank (the “ <b>Bank</b> ”) shall be paid the amount of its allowed secured claim with interest at LIBOR + 250 basis points. The Bank shall receive monthly payments, from the operation of Reorganized Debtor beginning on January 29, 2010, and periodic payments from the liquidation of the Debtor’s inventory, receivables, furniture, fixtures, equipment and music machines. The remainder of this claim (if any) shall be paid from the liquidation of Mark Yaffe’s personal residence. The Bank shall continue to have a lien upon its collateral and its lien rights shall not be modified except as set forth herein. Exhibit A, attached hereto contains a <i>pro forma</i> of the scheduled payments.
Class 3 - General Unsecured Creditors	Impaired	Class 3 is impaired by this Plan. Each holder of an allowed Class 3 Claim will be paid in full, in cash, without interest, via 120 equal monthly payments beginning upon the later of January 29, 2010, or the date on which such claim is allowed by a final non-appealable order. The remainder of this claim (if any) shall be paid from the liquidation of Mark Yaffe’s personal residence. Exhibit B, attached hereto contains a <i>pro forma</i> of the scheduled payments.
Class 4 – Insider General Unsecured Creditors	Impaired	Class 4 is impaired by this Plan. Class 4 creditors shall receive no distributions on their Class 4 Claims.

Class 5 - Equity Security Holders of the Debtor	Impaired	Mark Yaffe shall retain his equity in the Debtor. All other equity interests in the debtor shall be cancelled. Immediately after the Effective Date The Phoenix Gold Corp., shall merge into the Reorganized Debtor and the Reorganized Debtor shall be the surviving entity.
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**Class 1 - Priority Claims:** All allowed claims entitled to priority (except priority tax claims) under § 507 of the Code - Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment. There are no known priority claims at this time. In the event there are priority claims, the allowed priority claims are impaired, and are entitled to vote on the Plan.

**Class 2 - Secured Claims:** Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to set-off) to the extent allowed as secured claims under § 506 of the Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim.

**Class 3 - General Unsecured Claims:** General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code.

**Class 4 - General Unsecured Claims** Equity interest holders are parties who hold an ownership interest (*i.e.*, equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders.

**D. Means of Implementing the Plan**

**Funding of the Plan.** The Reorganized Debtor will fund the payments under the Plan, including the Class 2 claim of Sovereign and the Class 3 Claims of the Unsecured Creditors. Coleman Yaffe, (Mark Yaffe's father) has contributed as of the date of this Disclosure Statement \$616,000.00 to the Plan Proponent, as a source of working capital and for funding of certain expenses and costs incurred in connection with the proposed Plan. The Plan Proponent anticipates it will have sufficient funding at confirmation to pay the anticipated administrative expenses.

**Exhibit B**, attached to this Disclosure Statement hereto is a *pro forma* estimating the timing of the payments. The payments shall be made from the following sources:

(a) Liquidation of Debtor's Inventory.

1. The coins with a value in excess of \$10,000.00, shall be sold at a recognized coin auction selected by the Chapter 11 Trustee immediately. It is anticipated that the auction of these coins will yield approximately \$1,000,000.00, the proceeds shall be paid to the Bank.

2. The Reorganized Debtor shall facilitate the sale of no less than \$1,000,000.00, worth of the Debtor's coins, under the supervision of the Collateral Agent, and with the Bank's consent, on or before December 31, 2009.
  3. The Reorganized Debtor shall facilitate the sale of the remainder of the Debtor's coin inventory under the supervision of the Collateral Agent. At any time the Bank may require the sale of any of the remaining coins in inventory. The Bankruptcy Court shall retain jurisdiction to determine the value of any coins so sold by the Bank if the Reorganized Debtor contends that the value of the coins was greater than the sale price. Similarly, should the Reorganized Debtor wish to sell an item of collateral for a price that the Bank deems insufficient, the Debtor shall be permitted to abandon any such item to the Bank and receive credit against the Bank's secured claim for the proposed price as of the date of the Reorganized Debtor's proposal to sell the item, at the Debtor's sole discretion.
- (b) Liquidation of Debtor's Receivables. The Reorganized Debtor, under the supervision of the Collateral Agent, shall collect the receivables of the Debtor and shall remit the proceeds to the Bank. The Bank shall receive no less than \$1,500,000.00 from the collection of the receivables by December 31, 2009, and an additional \$1,000,000.00 from the collection of the receivables by December 31, 2010.
- (c) Liquidation of Debtor's Furniture and Equipment. The Debtor's Furniture and Equipment shall be auctioned at the Debtor's premises and the proceeds shall be paid to the Bank. The Reorganized Debtor shall offer a starting bid of \$25,000.00 for the furniture and safes (excluding the computers), subject to higher and better offers.
- (d) Liquidation of Debtor's Music Machines. The Reorganized Debtor shall liquidate the Debtor's Music Machines with the supervision of the Collateral Agent. The music machines that are owned by the Debtor and pledged to the Bank (the "Debtor's Music Machines") shall be valued by the Bankruptcy Court or by agreement with the Bank. Within 30 days of the Effective Date the Debtor's Music shall be sold for the sum of \$2,100,000.00, free and clear of any liens, claims, interests or encumbrances, with the proceeds to be paid to the Bank. To the extent that the established value of the First Sale Music Machines exceeds \$2,100,000.00, Mark Yaffe shall provide replacement collateral (the "Replacement Collateral") to the Bank consisting of music machines with an aggregate value (to be established by a qualified appraiser selected by the bank) equal to 110% of the difference. The Reorganized Debtor shall take title to the Replacement Collateral and shall execute appropriate documents to give the Bank a first position lien upon it. The Reorganized Debtor shall liquidate the Replacement Collateral under the supervision of the Collateral Agent.

- (e) Future Cash Flow of the Reorganized Debtor. The Reorganized Debtor shall make the following monthly payments to the Bank (in addition to proceeds from collateral sales) and unsecured creditors, from its ongoing business operations:

	Bank	Unsecured Creditors
January 29, 2010 – April 30, 2010	\$100,000.00	\$75,000.00
May 31, 2010 – November 30, 2010	\$125,000.00	\$75,000.00
December 31, 2010 – May 31, 2011	\$150,000.00	\$75,000.00
June 30, 2011 – November 30, 2016	\$215,000.00	\$75,000.00

- (f) Liquidation of Mark Yaffe's Personal Residence. Mark Yaffe's personal residence is appraised at approximately \$25,000,000.00. The first mortgage upon the property is approximately \$10,000,000.00. It is currently listed for sale, but due to the condition of the real estate market, it is unlikely to sell in the immediate future. Mark Yaffe and his wife Christal Yaffe shall sign a mortgage collateralizing the Reorganized Debtor's obligations under this plan with a second mortgage upon their home. Upon the sale of the home, 1/3 of the net proceeds shall be used to pay the outstanding amount due to the Bank (until paid in full), 1/3% of the net proceeds shall be used to pay the unsecured claims (until paid in full), up to \$900,000 of the net proceeds shall be used by the Yaffes' to purchase a new home and for moving expenses, and the remainder shall be used to capitalize the Reorganized Debtor.

Cancellation of Equity in the Debtor. Mark Yaffe shall retain his equity in the in the Debtor, all other equity interests in the Debtor shall be cancelled. As a result Mark Yaffe shall own 100% of the Reorganized Debtor.

Post-confirmation Merger with The Phoenix Gold Corp. On or immediately after the Effective Date, the Reorganized Debtor shall merge with The Phoenix Gold Corp. and the Reorganized Debtor shall be the surviving entity. The liens held by the Bank shall not attach to the assets of The Phoenix Gold Corp., or the assets of the Reorganized Debtor, except to the extent that the Bank had a lien on a particular asset prior to the merger. To be clear, the Bank liens shall not attach to cash, inventory, receivables, furniture, fixtures or equipment generated by The Phoenix Gold Corp, or the Reorganized Debtor.

Post-confirmation Management of the Reorganized Debtor. Mark Yaffe shall be the sole officer, director and shareholder of the Reorganized Debtor. Until all amounts owed under the Plan have been repaid, Larry Hyman shall, at the Reorganized Debtor's expense, monitor the books and records and operations of the Debtor to insure that the Reorganized Debtor is being operated in accordance with the terms of this Plan.

Collateral Agent. Upon the Effective Date, and subject to the Bank's approval, Development Specialists, Inc. ("DSI"), shall be retained, at the Debtor's expense, to supervise and oversee the liquidation of the Bank's collateral by the Debtor.

Creditors' Trust. Upon the Effective Date, a Creditors' Trust shall be created for the purpose of collecting and disbursing the Plan payments to the unsecured creditors, holding and servicing the mortgage upon Mark Yaffe's residence, pursuing any claims that the Debtor may have against third parties including but not limited to claims under Chapter 5 of the United States Bankruptcy Code, and preserving the books and records of the Debtor. With the consent of the Bank, the trustee of the Creditors' Trust shall be DSI.

Release of Mark Yaffe and Related Entities. The confirmation order shall include an injunction precluding any creditor of the estate or representative of the estate from initiating or pursuing any action that is related to the Debtor's operations against The Phoenix Gold Corp., El Dorado Gold Investments, Inc., Florida Coin Graders, Inc., Mark Yaffe, Christel Yaffe, Bev Sverker and Lynn Barnhart, (collectively the "Released Parties"). If, after 5 years from the Effective Date, the payments contemplated under the Plan have been made, and the Proponent is not in default under the terms of the Plan, then the Released Parties shall be released from any claim that is related to the operation of the Debtor's business prior to June 24, 2009.

Application of Proceeds from Claims Against Third Parties. Any proceeds from claims of the Estate, whether recovered by the Chapter 11 Trustee, the Creditors' Trust or otherwise, shall be applied to reduce the obligations of the Reorganized Debtor.

2. The Post-Confirmation Managers of the Debtor, and their compensation, shall be as follows:

Name	Affiliations	Insider (yes or no)?	Position	Compensation
Mark Yaffe		Yes	President	\$100,000/month

**E. Risk Factors**

The proposed Plan has serious risks. Specifically, payments under the Plan are dependent upon the ability of the Reorganized Debtor to be able to profitably operate the reorganized business and to generate sufficient cash flow. Further, the amount of revenues that will be available from the sale of Mark Yaffe's personal residence is dependent upon the sale price that can be obtained. **Additionally, the Proponent of the Plan is unable to provide historical financial information or valuations of assets.**

**F. Executory Contracts and Unexpired Leases**

The Plan, in Section 6.01, provides that there are **no known executory contracts and unexpired leases that the Debtor will assume under the Plan.**

All executory contracts and unexpired leases that are not set forth under Section 6.01 of the Plan will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

***The Deadline for Filing a Proof of Claim Based on a Claim Arising from the Rejection of a Lease or Contract Is 30 days after the entry of an order granting a Motion to Reject Leases, or 30 days after Confirmation of the Plan, whichever is earlier.*** Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court orders otherwise.

#### **G. Tax Consequences of Plan**

**Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, and/or Advisors.**

**No analysis of the Federal tax consequences of confirmation of the Plan has been made and you should consult with your own tax expert to determine what, if any, tax consequences may result from confirmation of the Debtor's Plan of Reorganization.**

### **IV. CONFIRMATION REQUIREMENTS AND PROCEDURES**

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

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

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that Classes 1 through 5 are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan.

1. Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless

an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

***The deadline for filing a proof of claim in this case is October 8, 2009.***

***The deadline for filing objections to claims is thirty (30) days after the Effective Date of the Plan, or such other date as determined by the Court as appropriate.***

2. As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

3. The holders of the following five types of claims and equity interests are *not* entitled to vote:

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not “allowed claims” or “allowed equity interests” (as discussed above), unless they have been “allowed” for voting purposes.
- holders of claims or equity interests in unimpaired classes;
- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and
- holders of claims or equity interests in classes that do not receive or retain any value under the Plan;
- administrative expenses.

***Even If You Are Not Entitled to Vote on the Plan, You May Have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement.***

4. A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

#### **B. Votes Necessary to Confirm the Plan**

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by a cram down on non-accepting classes, as discussed below in Section B(2).

1. A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a “cramdown” plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not “discriminate unfairly,” and is “fair and equitable” toward each impaired class that has not voted to accept the Plan.

*You should consult your own attorney if a cramdown at confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.*

#### C. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation.

#### D. Feasibility

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor, the Reorganized Debtor or any successor to the Reorganized Debtor, unless such liquidation or reorganization is proposed in the Plan.

1. The Debtor believes that it will have enough cash on hand on the Effective Date of the Plan to pay all the claims and expenses that are entitled to be paid on that date. Coleman Yaffe, (Mark Yaffe’s father), has contributed as of the date of this Disclosure Statement \$616,000.00 to the Plan Proponent, as a source of working capital and for funding of certain expenses and costs incurred in connection with the proposed Plan.

2. The Debtor must also show that it will have enough cash over the life of the Plan to make the required Plan payments. The Plan Proponent has provided projected financial information. Those projections are attached hereto as **Exhibit B**.

The Debtor’s financial projections show that the Debtor will have a sufficient annual cash flow, after paying operating expenses to cure all payments identified within the Plan. The final Plan payment to Class 3 Unsecured Creditors is expected to be paid on December 29, 2019.

*You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.*

## V. EFFECT OF CONFIRMATION OF PLAN

### A. DISCHARGE OF DEBTOR

Except as otherwise expressly provided in the Plan or in the confirmation order, the confirmation order shall operate as a discharge, pursuant to Section 1141(d) of the Bankruptcy Code, to the fullest extent permitted by applicable law, as of the effective date of the Plan, of any and all debts of, and claims of any nature whatsoever against the Debtor that arose at any time prior to the confirmation date, including any and all claims for principal and interest, whether accrued before, on or after the Petition Date.

### B. Modification of Plan

The Debtor may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or re-voting on the Plan.

The Debtor may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated *and* (2) the Court authorizes the proposed modifications after notice and a hearing.

### C. Final Decree

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the reorganized Debtor, or such other party as the Court shall designate in the Plan confirmation order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

## VI. OTHER PLAN PROVISIONS

### General Provisions

**Revestment of Reorganized Debtor.** On the Effective Date of the Plan, except as otherwise expressly provided in the Plan, the Reorganized Debtor shall be revested with all of its assets free and clear of any and all liens, debts, obligations, claims, cure claims, liabilities, equity interests, and all other interests of every kind and nature (except for any permitted encumbrances), and the confirmation order shall so provide.

**Section 1146 Exemption.** Pursuant to Section 1146(c) of the Bankruptcy Code, the making or delivery of any instrument of transfer pursuant to, in implementation of, or as contemplated by the Plan or any Plan document, or the re-vesting, transfer, or sale of any real or personal property of, by, or in the Debtor or the reorganized Debtor pursuant to, in implementation of, or as contemplated by the Plan or any Plan document shall not be taxed under any state or local law imposing a stamp tax, transfer tax, or similar tax or fee.

**General Causes of Action.** On the Effective Date, the Reorganized Debtor shall retain all causes of action, except to the extent a creditor or other third party has been specifically released from any cause of action that the estate may have by the terms of the Plan or by Bankruptcy Court order. Neither a vote to accept the Plan by any creditor nor the entry of the confirmation order will result in the waiver or release of

any of the estate's causes of action against such creditor. Confirmation of the Plan and entry of the confirmation order are not intended to and shall not be deemed to have any *res judicata* or other effect which would preclude or inhibit prosecution of such causes of action following confirmation of the Plan, whether specified in this Plan or otherwise.

**Settlement of Causes of Action.** The reorganized Debtor may settle any cause of action with the approval of the Bankruptcy Court.

**Adversary Proceeding(s).** In the event that an adversary proceeding is filed against the Debtor, such shall be deemed dismissed with prejudice on the effective date of the Plan, with each party to bear its own costs and attorney's fees in conjunction with such proceeding. All issues and controversies shall be deemed fully settled and resolved upon confirmation, with each of such parties having fully released each other from any and all claims and defenses whatsoever in conjunction with their claims, other than as specifically set forth in this Plan, or the order confirming the Plan.

**Dismissal of Lawsuits.** All lawsuits filed against the Debtor shall be deemed dismissed with prejudice on the Effective Date, with each party to bear its own costs and attorney's fees in conjunction with such lawsuits. All issues and controversies shall be deemed fully settled and resolved upon confirmation, with each of such parties having fully released each other from any and all claims and defenses whatsoever, other than as specifically set forth in this Plan, or the order confirming the Plan.

## **VII. PROVISIONS GOVERNING DISTRIBUTIONS**

**Distributions.** Each holder of an allowed claim shall be paid as provided by this Plan; provided however, that if, on the Distribution Date, any disputed claims remain, then the reorganized Debtor shall withhold payment in respect of any disputed claim until a final order has been entered by the Bankruptcy Court resolving such disputed claim.

### **Unclaimed Distributions.**

(a) If the holder of an allowed claim fails to negotiate a check issued to such holder within ninety (90) days of the date such check was issued, then the reorganized Debtor shall provide written notice to such holder stating that unless such holder negotiates such check within thirty (30) days of the date of such notice, the amount of cash attributable to such check shall be deemed to be unclaimed, such holder's claim shall no longer be deemed to be allowed, and such holder shall be deemed to have no further claim in respect of such check and shall not participate in any further distributions under the Plan.

(b) If a distribution pursuant to the Plan to any holder of an allowed claim is returned to the reorganized Debtor due to an incorrect or incomplete address for the holder of such allowed claim, and no claim is made to the reorganized debtor as to such distribution within one hundred twenty (120) days of the return of such distribution, then the amount of cash attributable to such distribution shall be deemed to be unclaimed and such holder shall be deemed to have no further claim in respect of such distribution and shall not participate in any further distributions under the Plan.

**Transfer of Claim.** In the event that the holder of any claim shall transfer such claim on and after the Effective Date, it shall immediately advise the reorganized Debtor in writing of such transfer. The reorganized Debtor shall be entitled to assume that no transfer of any claim has been made by any holder unless and until the reorganized Debtor shall have received written notice to the contrary. Each transferee of any claim shall take such claim subject to the provisions of the Plan and to any request made, waiver or consent given, or other action taken hereunder and, except as otherwise expressly provided in such notice, the reorganized Debtor shall be entitled to assume conclusively that the transferee named in such notice shall thereafter be vested with all rights and powers of the transferor under the Plan.

#### **Determination of Claims.**

(a) Following the Effective Date of the Plan and except as may otherwise be provided herein, the Reorganized Debtor shall have standing to and may object to any administrative claim, priority claim, priority tax claim, secured claim, and unsecured claims. Unless otherwise ordered by the Bankruptcy Court, and except as to any late-filed claims and claims resulting from the rejection of executory contracts or unexpired leases, all objections to claims shall be filed with the Bankruptcy Court on or before sixty (60) days following the effective date (unless such period is extended by the Bankruptcy Court upon motion of the reorganized Debtor), and the confirmation order shall contain appropriate language to that effect.

(b) Disputed claims shall be fixed or liquidated in the Bankruptcy Court as core proceedings within the meaning of 28 U.S.C. §157(b)(2)(B) unless the Bankruptcy Court orders otherwise. If the fixing or liquidation of a contingent or unliquidated claim would cause undue delay in the administration of the reorganization case, such claim shall be estimated by the Bankruptcy Court for purposes of allowance and distribution. Upon receipt of a timely-filed Proof of Claim, the Debtor or other party in interest may file a request for estimation along with its objection to the claim set forth therein. The determination of claims in estimation hearings shall be binding for purposes of establishing the maximum amount of the claim for purposes of allowance and distribution. Procedures for specific estimation hearings, including provisions for discovery, shall be set by the Bankruptcy Court giving due consideration to applicable Bankruptcy Rules and the need for prompt determination of the disputed claim.

**De Minimis Distributions on Account of Allowed Claims.** To avoid the disproportionate expense and inconvenience associated with making distributions in amounts of less than five dollars (\$5.00) each with respect to allowed claims, the reorganized Debtor shall not be required to make, and shall be excused from making, distributions in amounts of less than \$5.00 each to holders of allowed claims.

### **VIII. CONDITIONS PRECEDENT**

**Condition Precedent to Confirmation of the Plan.** The Bankruptcy Court shall not enter the confirmation order, confirmation of the Plan shall not be effective, and the Debtor shall not be obligated to consummate the Plan, unless the Bankruptcy Court shall have made such findings and determinations regarding the Plan as shall enable the entry of the confirmation order in a manner consistent with the provisions of the Plan and in form and substance satisfactory to the Debtor.

**Condition Precedent to Effective Date.** The Plan shall not be consummated and the effective date shall not occur until the Bankruptcy Court has entered the confirmation order, in form and substance satisfactory to the Debtor, on the docket of this case, and no stay of the confirmation order shall be in effect.

**Waiver of Conditions Precedent.** The Debtor may elect to waive any condition precedent set forth above that has not been satisfied on or before the date of the confirmation hearing.

## **IX. INJUNCTION, EXCULPATION AND RELEASE PROVISIONS**

**General Injunction.** Pursuant to Sections 105, 1123, 1129, and 1141 of the Bankruptcy Code, in order to preserve and implement the various transactions contemplated by and provided for in the Plan, as of the confirmation date, except as otherwise provided in the Plan or in the confirmation order, all persons or entities that have held, currently hold or may hold a claim or other debt or liability, that is discharged pursuant to the terms of the Plan are and shall be permanently enjoined and forever barred to the fullest extent permitted by law from taking any of the following actions on account of any such discharged claims, debts or liabilities, other than actions brought to enforce any rights or obligations under the Plan or the Plan documents: (a) commencing or continuing in any manner any action or other proceeding against the Debtor, the Reorganized Debtor, or its respective properties; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtor, the Reorganized Debtor, or their assets; (c) creating, perfecting or enforcing any lien or encumbrance against the Debtor, the reorganized Debtor, or their assets; (d) asserting a setoff, right of subrogation, or recoupment of any kind against any debt, liability or obligation due to the Debtor or the Reorganized Debtor; or (e) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan or the confirmation order. The Debtor and the Reorganized Debtor shall have the right to independently seek enforcement of this general injunction provision. This general injunction provision is an integral part of the Plan and is essential to its implementation.

**Exculpation from Liability.** The Debtor, the Reorganized Debtor, the Plan Proponent and its respective directors, officers, employees, agents, representatives, accountants, attorneys, and professionals (acting in such capacity), and their respective heirs, executors, administrators, successors, and assigns, will neither have nor incur any liability whatsoever to any person or other entity for any act taken or omitted to be taken in good faith in connection with or related to the formulation, preparation, dissemination, implementation, confirmation, or consummation of the Plan, the Disclosure Statement, any Plan document, or any contract, instrument, release, or other agreement or document created or entered into, or any other act taken or omitted to be taken, in connection with the Plan or the reorganization case. The rights granted herein are cumulative with (and not restrictive of) any and all rights, remedies, and benefits that the Debtor, the Reorganized Debtor, and its respective agents have or obtain pursuant to any provision of the Bankruptcy Code. This exculpation from liability provision is an integral part of the Plan and is essential to its implementation.

**Release.** To the extent permitted under the Bankruptcy Code, on the Effective Date of the Plan, the post confirmation Debtor shall be unconditionally and hereby is deemed to be unconditionally released from any and all claims, obligations, suits, judgments, damages, rights, remedies, causes of action, charges, costs, debts, indebtedness, or liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity, or otherwise, based in whole or in part upon any act or omission, transaction, event or other occurrence taking place between the Petition Date and the Effective Date, which is in any way relating to the Debtor, this reorganization case, any assets of the Debtor, the business or operations of the Debtor, the Plan, or any of the transactions contemplated thereby. The confirmation order shall enjoin the prosecution by any person or entity, whether directly, derivatively or otherwise, of any such claim, obligation, suit, judgment, damage, right, remedy, cause of action, charge, cost, debt, indebtedness, or liability which arose or accrued during such period or was or could have been asserted against any of the released parties,

except as otherwise provided in the Plan, the Plan documents or the confirmation order. Each of the released parties shall have the right to independently seek enforcement of this release provision. This release provision is an integral part of the Plan and is essential to its implementation.

**Term of Certain Injunctions and Automatic Stay.** All injunctions or automatic stays provided for in the reorganization case pursuant to Sections 105, 362, or other applicable provisions of the Bankruptcy Code, or otherwise, and in existence on the confirmation date, shall remain in full force and effect until the Effective Date. Any preliminary or permanent injunction entered by the Bankruptcy Court shall continue in full force and effect following the confirmation date, the Effective Date, and the final decree date, unless otherwise ordered by the Bankruptcy Court.

### **Untimely Claims Provisions**

**No Liability for Tax Claims.** Unless a taxing governmental authority has asserted a claim against the Debtor before the bar date or administrative expense claims bar date established with respect to such claim, no claim of such governmental authority shall be allowed against the Debtor or the reorganized Debtor for taxes, penalties, interest, additions to tax, or other charges arising out of the failure, if any, of the Debtor, any of his affiliates, or any other person or entity to have paid tax or to have filed any tax return (including any income tax return or franchise tax return) in or for any prior year or arising out of an audit of any return for a period before the Petition Date.

**No Liability for Untimely Administrative Expense Claims.** Holders of administrative expense claims (including holders of any claims for post-petition federal, state or local taxes) that do not file an application or other Bankruptcy Court-approved pleading by the administrative expense claims bar date shall be forever barred from asserting such administrative expense claims against the Debtor, the Reorganized Debtor, or any of its respective properties.

## **X. RETENTION OF JURISDICTION**

**General Retention.** Notwithstanding the entry of the confirmation order and the occurrence of the effective date, until the reorganization case is closed, the Bankruptcy Court shall retain the most full and extensive jurisdiction of the reorganization case that is permitted by applicable law, including that necessary to ensure that the purposes and intent of the Plan are carried out.

**Specific Purposes.** In addition to the general retention of jurisdiction set forth in this Plan, after confirmation of the Plan and until the reorganization case is closed, the Bankruptcy Court shall retain jurisdiction of the reorganization case for the following specific purposes:

(a) to allow, disallow, determine, liquidate, classify, estimate, or establish the priority or secured or unsecured status of any claim or equity interest, including the resolution of any application for an administrative expense, and to determine any and all objections to the allowance or priority of claims or equity interests;

(b) to determine any and all cases, controversies, suits or disputes arising under or relating to the Plan or the confirmation order (including regarding the effect of any release, discharge, or injunction provisions provided for herein or affected hereby and regarding whether conditions to the consummation and/or effective date of the Plan have been satisfied) and to enforce the obligations under the Plan;

(c) to determine any and all applications for allowance of compensation of professionals and reimbursement of expenses under Section 330, 331 or 503(b) of the Bankruptcy Code arising out of or relating to the reorganization case; provided, however, that this retention of jurisdiction shall not require prior Bankruptcy Court approval of the payment of fees and reimbursement of expenses of professionals after confirmation of the Plan unless an objection to such fees and expenses has been made by the Debtor or the Reorganized Debtor;

(d) to determine any and all motions pending as of the date of the Confirmation Hearing (including pursuant to the Plan) for the rejection, assumption or assignment of executory contracts or unexpired leases to which the Debtor is a party or with respect to which the Debtor may be liable (including assumed contracts), and to determine the allowance of any claims resulting from the rejection thereof or any amount necessary to cure defaults in any assumed and/or assigned executory contracts or unexpired leases (including assumed contracts), including cure claims;

(e) to determine any and all motions, applications, adversary proceedings, contested or litigated matters, causes of action, and any other matters involving the Debtor or the Reorganized Debtor commenced in connection with, or arising during, the reorganization case and pending on the Effective Date, including approval of proposed settlements thereof;

(f) to enforce, interpret, and administer the terms and provisions of the Plan and the Plan documents;

(g) to modify any provisions of the Plan to the fullest extent permitted by the Bankruptcy Code and the Bankruptcy Rules;

(h) to consider and act on the compromise and settlement of any claim against or equity interest in the Debtor or the estate;

(i) to assure the performance by the reorganized Debtor of its obligations to make distributions under the Plan;

(j) to correct any defect, cure any omission, reconcile any inconsistency, and make any other necessary change or modification in or to the Disclosure Statement, the Plan, the Plan documents, the Confirmation Order, or any exhibits or schedules to the foregoing, as may be necessary or appropriate to carry out the purposes and intent of the Plan, including the adjustment of the date(s) of performance under the Plan in the event the Effective Date does not occur as provided herein so that the intended effect of the Plan may be substantially realized thereby;

(k) to resolve any disputes concerning any release of a nondebtor hereunder or the injunction against acts, employment of process, or actions against such nondebtor arising hereunder;

(l) to enforce all orders, judgments, injunctions, and rulings entered in connection with this reorganization case;

(m) to enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases, indentures and other agreements or documents created in connection with the Plan, the Disclosure Statement (if required), or the confirmation order, including the Plan documents;

(n) to review and approve any sale or transfer of assets or property by the Debtor or the Reorganized Debtor, including prior to or after the date of the Plan, and determine all questions and disputes regarding such sales or transfers;

(o) to determine all questions and disputes regarding title to the assets of the Debtor, the estate, or the Reorganized Debtor;

(p) to determine any motions or contested matters relating to the causes of action, whether brought before or after the effective date;

(q) to determine any motions or contested matters involving taxes, tax refunds, tax attributes, tax benefits and similar or related matters with respect to the Debtor arising on or prior to the Effective Date or arising on account of transactions contemplated by the Plan;

(r) to resolve any determinations which may be requested by the Debtor or the reorganized Debtor of any unpaid or potential tax liability or any matters relating thereto under Sections 505 and 1146(d) of the Bankruptcy Code, including tax liability or such related matters for any taxable year or portion thereof ending on or before the effective date;

(s) to issue injunctions, enter, and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any person or entity with consummation, implementation or enforcement of the Plan or the confirmation order;

(t) to enter and implement such orders as are necessary or appropriate if the confirmation order is for any reason modified, stayed, reversed, revoked, or vacated;

(u) to determine any other matters that may arise in connection with or relating to the Plan, the Disclosure Statement, the confirmation order, or the Plan documents;

(v) to enter such orders as are necessary to implement and enforce the injunctions described herein;

(w) to determine such other matters and for such other purposes as may be provided for in the confirmation order or as may from time to time be authorized under the provisions of the Bankruptcy Code or any other applicable law; and

(x) to enter an order concluding and terminating the reorganization case.

**Closing of the Reorganization Case.** In addition to the retention of jurisdiction set forth above, the Bankruptcy Court shall retain jurisdiction of the reorganization case to enter an order reopening the reorganization case after it has been closed.

## **MISCELLANEOUS PROVISIONS**

**No Admissions.** The Plan provides for the resolution, settlement and compromise of claims against and equity interests in the Debtor. Nothing herein shall be construed to be an admission of any fact or otherwise binding upon the Debtor in any manner prior to the Effective Date.

**Revocation or Withdrawal of the Plan.** The Debtor reserves the right to revoke or withdraw the

Plan prior to the confirmation date. If the Debtor revokes or withdraws the Plan, or if confirmation of the Plan does not occur, then the Plan shall be deemed null and void in all respects and nothing contained in the Plan shall be deemed to (a) constitute a waiver or release of any claims by or against, or equity interests in, the Debtor or any other person, or (b) prejudice in any manner the rights of the Debtor or any other person in any further proceedings involving the Debtor.

**Settlement of Claims.** The reorganized Debtor (a) may commence or continue in any appropriate court or tribunal any suit or other proceeding for the enforcement of any claim or cause of action which the Debtor in possession had or had power to assert immediately prior to the confirmation date, and (b) may settle or adjust such claim or cause of action.

**Standard for Approval by the Bankruptcy Court.** In the event any of the matters described herein are brought for approval before the Bankruptcy Court, then any such approval shall mean the entry of an order by the Bankruptcy Court approving the matter using the standards for approval of similar matters by a Chapter 11 Debtor in possession.

**Further Assurances.** The Debtor or the Reorganized Debtor (as the case may be) agrees and is authorized to execute and deliver any and all papers, documents, contracts, agreements, and instruments that may be necessary to carry out and implement the terms and conditions of the Plan.

**Headings.** The headings and table of contents used in the Plan are for convenience and reference only and shall not constitute a part of the Plan for any other purpose or in any manner affect the construction of the provisions of the Plan.

**Notices.** All notices, requests, or other documents in connection with or required to be served by the Plan shall be in writing and shall be sent by first class United States mail, postage prepaid, or by overnight delivery by a recognized courier service, to:

**If to the Debtor:**

National Gold Exchange, Inc.  
[reserved]

with a mandatory copy to:

[reserved]

**If to the Reorganized Debtor:**

National Gold Exchange, Inc.  
14499 North Dale Mabry, #159  
Tampa, Florida 33618

with a mandatory copy to:

McIntyre, Panzarella, Thanasides,

Eleff & Hoffman, P. L.  
6943 E. Fowler Avenue  
Tampa, Florida, 33617

**Contemporaneous Service.** Copies of all notices under the Plan to any party shall be given to the Debtor and the reorganized Debtor and its counsel, contemporaneously with the giving of notice to such party.

**Changes of Address.** Any entity may change the person or address to whom or to which notices are to be given hereunder by filing a written instrument to that effect with the Bankruptcy Court and serving same on the parties set forth above.

**Governing Law.** Except to the extent that federal law (including the Bankruptcy Code or the Bankruptcy Rules) is applicable, or to the extent that the Plan or the provision of any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan provides otherwise, the rights and obligations arising under the Plan shall be governed by, construed, and enforced in accordance with the laws of the State of Florida, without giving effect to the principles of conflicts of law thereof.

**Limitation of Allowance.** No attorneys' fees, punitive damages, penalties, special damages, lost profits, treble damages, exemplary damages, or interest shall be paid with respect to any claim or equity interest except as specified herein or as allowed by a Final Order of the Bankruptcy Court.

**Estimated Claims.** To the extent any Claim is estimated for any purpose other than for voting, then in no event shall such Claim be allowed in an amount greater than the estimated amount.

**Consent to Jurisdiction.** Upon any default under the Plan, the Debtor and the Reorganized Debtor consent to the jurisdiction of the Bankruptcy Court, or any successor thereto, and agree that it shall be the preferred forum for all proceedings relating to any such default. By accepting any distribution or payment under or in connection with the Plan, by filing any Proof of Claim, by filing any cure claim, by voting on the Plan, or by entering an appearance in the reorganization case, all creditors and other parties in interest, including foreign creditors and foreign parties in interest, have consented, and shall be deemed to have expressly consented, to the jurisdiction of the Bankruptcy Court for all purposes with respect to any and all matters relating to, arising under or in connection with the Plan or the reorganization case, including the matters and purposes set forth in this Plan. The Bankruptcy Court shall maintain jurisdiction to the fullest extent allowed under applicable law over all matters set forth in this Plan.

**Setoffs.** Subject to the limitations provided in Section 553 of the Bankruptcy Code, the Debtor may, but shall not be required to, set off against any claim and the payments or other distributions to be made pursuant to the Plan in respect of such claim, claims of any nature whatsoever the Debtor may have against the holder of such claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtor of any such claim that the Debtor may have against such holder.

**Successors and Assigns.** The rights, benefits, duties, and obligations of any person named or referred to in the Plan shall be binding upon and shall inure to the benefit of any heir, executor, administrator, successor, or assign of such person.

**No Postpetition Interest.** Except as expressly stated in the Plan or otherwise allowed by a Final Order of the Bankruptcy Court, no holder of an allowed claim shall be entitled to the accrual of postpetition interest or the payment of postpetition interest, penalties, or late charges on account of such claim for any purpose.

**Modification of Payment Terms.** The reorganized Debtor reserves the right to modify the treatment of any allowed claim, as provided in Section 1123(a)(4) of the Bankruptcy Code, at any time after the effective date, upon the consent of the holder of such allowed claim.

**Entire Agreement.** The Plan and Plan documents set forth the entire agreement and undertakings relating to the subject matter thereof and supersede all prior discussions and documents. No person shall be bound by any terms, conditions, definitions, warranties, understandings, or representations with respect to the subject matter hereof, other than as expressly provided for herein or as may hereafter be agreed to by the parties in writing.

**Severability of Plan Provisions.** If, prior to confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Debtor, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration, or interpretation. The confirmation order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

**Confirmation Order and Plan Control.** To the extent the confirmation order or the Plan is inconsistent with the Disclosure Statement or any agreement entered into between the Debtor and any third party, unless otherwise expressly provided in the Plan, the Plan controls the Disclosure Statement and any such agreements, and the confirmation order (any and other orders of the Court) shall be construed together and consistent with the terms of the Plan.

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

**The Phoenix Gold Corp. (the Proponent"),**

By: Mark Yaffe, President  
Mark Yaffe, President

Mark Yaffe is signing in his individual capacity and makes no representations as to the factual assertions herein.

Guaranty as to Individual obligations:

By: Mark Yaffe  
Mark Yaffe

## **INDEX OF EXHIBITS**

**EXHIBIT A – Form of Ballot**

**EXHIBIT B – Pro Forma Financial Statement**

**UNITED STATES BANKRUPTCY COURT  
MIDDLE DISTRICT OF FLORIDA  
TAMPA DIVISION**

In re:

National Gold Exchange, Inc.

Case No.: 08:09-bk-15972-MGW  
Chapter 11

\_\_\_\_\_  
Debtor. \_\_\_\_\_/

**BALLOT FOR ACCEPTING OR REJECTING THE PHOENIX GOLD CORP.'S  
(Proponent) PLAN OF REORGANIZATION**

The Plan of Reorganization referred to in this Ballot can be confirmed by the Court and hereby made binding on you if it is accepted by the holders of two-thirds in amount and more than one-half in number of claims in each class and the holders of two-thirds in amount of equity security interests in each class voting on the Plan of Reorganization. In the event the requisite acceptances are not obtained, the Court may nevertheless confirm the Plan of Reorganization if the Court finds that the Plan of Reorganization accords fair and equitable treatment to the class or classes rejecting it and otherwise satisfies the requirements of § 1129(b) of the Bankruptcy Code. To have your vote count, you must complete, **SIGN**, and return this ballot.

Name of Creditor: \_\_\_\_\_ **SAMPLE** \_\_\_\_\_

Amount of Claim \$ \_\_\_\_\_ Class: \_\_\_\_\_

The undersigned, a creditor of the above-named Debtor in the unpaid principal amount listed above,

Accepts

Rejects

the Phoenix Gold Corporation's Plan of Reorganization.

Signed: \_\_\_\_\_

Print or Type Name: \_\_\_\_\_

Title: \_\_\_\_\_

Name of Company: \_\_\_\_\_

Address: \_\_\_\_\_

This ballot must be received on or before \_\_\_\_\_, 2009 at the following address:

Clerk, United States Bankruptcy Court  
Sam M. Gibbons Courthouse  
801 North Florida Avenue, Suite 727  
Tampa, Florida 33602-3826

A copy of this ballot is to be sent to:  
Richard J. McIntyre, Esquire  
McIntyre, Panzarella, Thanasides,  
Eleff & Hoffman, P.L.  
6943 E. Fowler Avenue  
Tampa, Florida 33617  
**ATTORNEYS FOR DEBTOR**

**Exhibit A**

**National Gold Exchange**  
**Interest Payment Schedule - Seven Year Plan**  
**Sovereign Bank Loan, \$32MM, Libor + 250**

Payment #	Payment Due Date	Beginning Principal	Accounts Receivable	Coin Sales	Music Machine Sales	Bank Principal Payments	Payment Amount	Ending Principal	Interest	Unsecured Creditors
1	12/31/2009	\$32,000,000.00	\$1,500,000.00	\$1,000,000.00	\$2,100,000.00	\$0.00	\$4,600,000.00	\$27,400,000.00	\$0.00	\$0.00
2	1/29/2010	\$27,400,000.00	\$100,000.00	\$1,000,000.00		\$100,000.00	\$1,200,000.00	\$26,200,000.00	\$68,500.00	\$75,000.00
3	2/28/2010	\$26,200,000.00	\$100,000.00	\$250,000.00		\$100,000.00	\$450,000.00	\$25,750,000.00	\$65,500.00	\$75,000.00
4	3/31/2010	\$25,750,000.00	\$100,000.00	\$250,000.00		\$100,000.00	\$450,000.00	\$25,300,000.00	\$64,375.00	\$75,000.00
5	4/30/2010	\$25,300,000.00	\$100,000.00	\$250,000.00		\$100,000.00	\$450,000.00	\$24,850,000.00	\$63,250.00	\$75,000.00
6	5/31/2010	\$24,850,000.00	\$100,000.00	\$250,000.00		\$100,000.00	\$450,000.00	\$24,400,000.00	\$62,125.00	\$75,000.00
7	6/30/2010	\$24,400,000.00	\$100,000.00	\$250,000.00		\$100,000.00	\$450,000.00	\$23,950,000.00	\$61,000.00	\$75,000.00
8	7/31/2010	\$23,950,000.00	\$100,000.00	\$250,000.00		\$125,000.00	\$475,000.00	\$23,475,000.00	\$59,875.00	\$75,000.00
9	8/31/2010	\$23,475,000.00	\$100,000.00	\$250,000.00		\$125,000.00	\$475,000.00	\$23,000,000.00	\$58,687.50	\$75,000.00
10	9/30/2010	\$23,000,000.00	\$100,000.00	\$250,000.00		\$125,000.00	\$475,000.00	\$22,525,000.00	\$57,500.00	\$75,000.00
11	10/31/2010	\$22,525,000.00	\$100,000.00	\$250,000.00		\$125,000.00	\$475,000.00	\$22,050,000.00	\$56,312.50	\$75,000.00
12	11/30/2010	\$22,050,000.00	\$100,000.00	\$250,000.00		\$125,000.00	\$475,000.00	\$21,575,000.00	\$55,125.00	\$75,000.00
13	12/31/2010	\$21,575,000.00	\$100,000.00	\$250,000.00		\$125,000.00	\$475,000.00	\$21,100,000.00	\$53,937.50	\$75,000.00
14	1/31/2011	\$21,100,000.00	\$100,000.00	\$250,000.00		\$150,000.00	\$500,000.00	\$20,600,000.00	\$70,333.33	\$75,000.00
15	2/28/2011	\$20,600,000.00	\$100,000.00	\$250,000.00		\$150,000.00	\$500,000.00	\$20,100,000.00	\$68,666.67	\$75,000.00
16	3/31/2011	\$20,100,000.00	\$100,000.00	\$250,000.00		\$150,000.00	\$500,000.00	\$19,600,000.00	\$67,000.00	\$75,000.00
17	4/30/2011	\$19,600,000.00	\$100,000.00	\$250,000.00		\$150,000.00	\$400,000.00	\$19,200,000.00	\$65,333.33	\$75,000.00
18	5/31/2011	\$19,200,000.00	\$100,000.00	\$250,000.00		\$150,000.00	\$400,000.00	\$18,800,000.00	\$64,000.00	\$75,000.00
19	6/30/2011	\$18,800,000.00	\$100,000.00	\$250,000.00		\$150,000.00	\$400,000.00	\$18,400,000.00	\$62,666.67	\$75,000.00
20	7/31/2011	\$18,400,000.00	\$100,000.00	\$250,000.00		\$150,000.00	\$400,000.00	\$18,000,000.00	\$61,333.33	\$75,000.00
21	8/31/2011	\$18,000,000.00	\$100,000.00	\$250,000.00		\$150,000.00	\$400,000.00	\$17,600,000.00	\$60,000.00	\$75,000.00
22	9/30/2011	\$17,600,000.00	\$100,000.00	\$250,000.00		\$150,000.00	\$400,000.00	\$17,200,000.00	\$58,666.67	\$75,000.00
23	10/31/2011	\$17,200,000.00	\$100,000.00	\$250,000.00		\$150,000.00	\$400,000.00	\$16,800,000.00	\$57,333.33	\$75,000.00
24	11/30/2011	\$16,800,000.00	\$100,000.00	\$250,000.00	\$1,000,000.00	\$150,000.00	\$400,000.00	\$16,400,000.00	\$56,000.00	\$75,000.00
25	12/31/2011	\$16,400,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$15,975,000.00	\$54,666.67	\$75,000.00
26	1/31/2012	\$15,975,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$15,550,000.00	\$53,333.33	\$75,000.00
27	2/29/2012	\$15,575,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$15,150,000.00	\$52,000.00	\$75,000.00
28	3/31/2012	\$14,150,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$14,725,000.00	\$50,666.67	\$75,000.00
29	4/30/2012	\$13,725,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$13,300,000.00	\$49,333.33	\$75,000.00
30	5/31/2012	\$13,300,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$12,875,000.00	\$48,000.00	\$75,000.00
31	6/30/2012	\$12,875,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$12,450,000.00	\$46,666.67	\$75,000.00
32	7/31/2012	\$12,450,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$12,025,000.00	\$45,333.33	\$75,000.00
33	8/31/2012	\$12,025,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$11,600,000.00	\$44,000.00	\$75,000.00
34	9/30/2012	\$11,600,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$11,175,000.00	\$42,666.67	\$75,000.00
35	10/31/2012	\$11,175,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$10,750,000.00	\$41,333.33	\$75,000.00
36	11/30/2012	\$10,750,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$10,325,000.00	\$40,000.00	\$75,000.00
37	12/31/2012	\$10,325,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$9,900,000.00	\$38,666.67	\$75,000.00
38	1/31/2013	\$9,900,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$9,475,000.00	\$37,333.33	\$75,000.00
39	2/28/2013	\$9,475,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$9,050,000.00	\$36,000.00	\$75,000.00
40	3/31/2013	\$9,050,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$8,625,000.00	\$34,666.67	\$75,000.00
41	4/30/2013	\$8,625,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$8,200,000.00	\$33,333.33	\$75,000.00
42	5/31/2013	\$8,200,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$7,775,000.00	\$32,000.00	\$75,000.00
43	6/30/2013	\$7,775,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$7,350,000.00	\$30,666.67	\$75,000.00
44	7/31/2013	\$7,350,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$6,925,000.00	\$29,333.33	\$75,000.00
45	8/31/2013	\$7,425,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$6,500,000.00	\$28,000.00	\$75,000.00
46	9/30/2013	\$7,250,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$6,075,000.00	\$26,666.67	\$75,000.00
47	10/31/2013	\$7,075,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$5,650,000.00	\$25,333.33	\$75,000.00
48	11/30/2013	\$6,900,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$5,225,000.00	\$24,000.00	\$75,000.00
49	12/31/2013	\$6,725,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$4,800,000.00	\$22,666.67	\$75,000.00
50	1/31/2014	\$6,550,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$4,375,000.00	\$21,333.33	\$75,000.00
51	2/28/2014	\$6,375,000.00	\$100,000.00	\$250,000.00		\$175,000.00	\$425,000.00	\$3,950,000.00	\$20,000.00	\$75,000.00

**National Gold Exchange**  
**Interest Payment Schedule - Seven Year Plan**  
**Sovereign Bank Loan, \$32MM, Libor + 250**

Payment #	Payment Due Date	Beginning Principal	Accounts Receivable	Coin Sales	Music Machine Sales	Bank Principal Payments	Payment Amount	Ending Principal	Interest	Unsecured Creditors
52	3/31/2014	\$6,200,000.00				\$175,000.00	\$175,000.00	\$6,025,000.00	\$23,250.00	\$75,000.00
53	4/30/2014	\$6,025,000.00				\$175,000.00	\$175,000.00	\$5,850,000.00	\$22,593.75	\$75,000.00
54	5/31/2014	\$5,850,000.00				\$175,000.00	\$175,000.00	\$5,675,000.00	\$21,937.50	\$75,000.00
55	6/30/2014	\$5,675,000.00				\$175,000.00	\$175,000.00	\$5,500,000.00	\$21,281.25	\$75,000.00
56	7/31/2014	\$5,500,000.00				\$175,000.00	\$175,000.00	\$5,325,000.00	\$20,625.00	\$75,000.00
57	8/31/2014	\$5,325,000.00				\$175,000.00	\$175,000.00	\$5,150,000.00	\$19,968.75	\$75,000.00
58	9/30/2014	\$5,150,000.00				\$175,000.00	\$175,000.00	\$4,975,000.00	\$19,312.50	\$75,000.00
59	10/31/2014	\$4,975,000.00				\$175,000.00	\$175,000.00	\$4,800,000.00	\$18,656.25	\$75,000.00
60	11/30/2014	\$4,800,000.00				\$175,000.00	\$175,000.00	\$4,625,000.00	\$18,000.00	\$75,000.00
61	12/31/2014	\$4,625,000.00				\$175,000.00	\$175,000.00	\$4,450,000.00	\$17,343.75	\$75,000.00
62	1/31/2015	\$4,450,000.00				\$175,000.00	\$175,000.00	\$4,275,000.00	\$16,687.50	\$75,000.00
63	2/28/2015	\$4,275,000.00				\$175,000.00	\$175,000.00	\$4,100,000.00	\$16,031.25	\$75,000.00
64	3/31/2015	\$4,100,000.00				\$175,000.00	\$175,000.00	\$3,925,000.00	\$15,375.00	\$75,000.00
65	4/30/2015	\$3,925,000.00				\$175,000.00	\$175,000.00	\$3,750,000.00	\$14,718.75	\$75,000.00
66	5/31/2015	\$3,750,000.00				\$175,000.00	\$175,000.00	\$3,575,000.00	\$14,062.50	\$75,000.00
67	6/30/2015	\$3,575,000.00				\$175,000.00	\$175,000.00	\$3,400,000.00	\$13,406.25	\$75,000.00
68	7/31/2015	\$3,400,000.00				\$200,000.00	\$200,000.00	\$3,200,000.00	\$12,750.00	\$75,000.00
69	8/31/2015	\$3,200,000.00				\$200,000.00	\$200,000.00	\$3,000,000.00	\$12,100.00	\$75,000.00
70	9/30/2015	\$3,000,000.00				\$200,000.00	\$200,000.00	\$2,800,000.00	\$11,450.00	\$75,000.00
71	10/31/2015	\$2,800,000.00				\$200,000.00	\$200,000.00	\$2,600,000.00	\$10,800.00	\$75,000.00
72	11/30/2015	\$2,600,000.00				\$200,000.00	\$200,000.00	\$2,400,000.00	\$10,150.00	\$75,000.00
73	12/31/2015	\$2,400,000.00				\$200,000.00	\$200,000.00	\$2,200,000.00	\$9,500.00	\$75,000.00
74	1/31/2016	\$2,200,000.00				\$200,000.00	\$200,000.00	\$2,000,000.00	\$8,850.00	\$75,000.00
75	2/29/2016	\$2,000,000.00				\$200,000.00	\$200,000.00	\$1,800,000.00	\$8,200.00	\$75,000.00
76	3/31/2016	\$1,800,000.00				\$200,000.00	\$200,000.00	\$1,600,000.00	\$7,550.00	\$75,000.00
77	4/30/2016	\$1,600,000.00				\$200,000.00	\$200,000.00	\$1,400,000.00	\$6,900.00	\$75,000.00
78	5/31/2016	\$1,400,000.00				\$200,000.00	\$200,000.00	\$1,200,000.00	\$6,250.00	\$75,000.00
79	6/30/2016	\$1,200,000.00				\$200,000.00	\$200,000.00	\$1,000,000.00	\$5,600.00	\$75,000.00
80	7/31/2016	\$1,000,000.00				\$200,000.00	\$200,000.00	\$800,000.00	\$4,950.00	\$75,000.00
81	8/31/2016	\$800,000.00				\$200,000.00	\$200,000.00	\$600,000.00	\$4,300.00	\$75,000.00
82	9/30/2016	\$600,000.00				\$200,000.00	\$200,000.00	\$400,000.00	\$3,650.00	\$75,000.00
83	10/31/2016	\$400,000.00				\$200,000.00	\$200,000.00	\$200,000.00	\$3,000.00	\$75,000.00
84	11/30/2016	\$200,000.00				\$200,000.00	\$200,000.00	\$0.00	\$2,350.00	\$75,000.00
85	12/31/2016								\$1,700.00	\$250,000.00
86	1/31/2017								\$1,050.00	\$250,000.00
87	2/28/2017								\$400.00	\$250,000.00
88	3/31/2017								\$0.00	\$250,000.00
89	4/30/2017								\$0.00	\$250,000.00
90	5/31/2017								\$0.00	\$250,000.00
91	6/30/2017								\$0.00	\$250,000.00
92	7/31/2017								\$0.00	\$250,000.00
93	8/31/2017								\$0.00	\$250,000.00
94	9/30/2017								\$0.00	\$250,000.00
95	10/31/2017								\$0.00	\$250,000.00
96	11/30/2017								\$0.00	\$250,000.00
97	12/31/2017								\$0.00	\$250,000.00
98	1/31/2018								\$0.00	\$250,000.00
99	2/28/2018								\$0.00	\$250,000.00
100	3/31/2018								\$0.00	\$250,000.00
101	4/30/2018								\$0.00	\$250,000.00
102	5/31/2018								\$0.00	\$250,000.00

**National Gold Exchange**

Interest Payment Schedule - Seven Year Plan  
Sovereign Bank Loan, \$32MM, Libor + 250

Payment #	Payment Due Date	Beginning Principal	Accounts Receivable	Coin Sales	Music Machine Sales	Bank Principal Payments	Payment Amount	Ending Principal	Interest	Unsecured Creditors
103	6/30/2018									\$250,000.00
104	7/31/2018									\$250,000.00
105	8/31/2018									\$250,000.00
106	9/30/2018									\$250,000.00
107	10/31/2018									\$225,000.00
108	11/30/2018									\$225,000.00
109	12/31/2018									\$225,000.00
110	1/31/2019									\$225,000.00
111	2/28/2019									\$225,000.00
112	3/31/2019									\$225,000.00
113	4/30/2019									\$225,000.00
114	5/31/2019									\$225,000.00
115	6/30/2019									\$225,000.00
116	7/31/2019									\$225,000.00
117	8/31/2019									\$225,000.00
118	9/30/2019									\$225,000.00
119	10/31/2019									\$225,000.00
120	11/30/2019									\$225,000.00
		\$3,000,000.00	\$12,000,000.00	\$3,100,000.00	\$13,900,000.00	\$32,000,000.00	\$2,653,437.50	\$14,900,000.00		

Assumptions: Coin Liquidation: \$12.0MM total - min. \$1MM for 12/09, \$1MM for 01/10, \$750K/quarter for remainder of term  
Music Machine Liquidation: \$3.1MM total - \$2.1MM for 12/09, \$1MM by 12/11  
Accounts Receivable: \$3.0MM - \$1.5MM for 12/09, remainder collected over Q1, 2010 - Q1, 2011  
LIBOR assumed to be .5% for 2009-2010, 1.5% for 2011, 2.0% for 2012-2016  
Unsecured debt of \$14.9MM paid out over 10 years with no interest

**Exhibit B**