

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

In re:

National Gold Exchange, Inc.

Debtor.

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

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

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ARTICLE I
SUMMARY

This Chapter 11 Plan of Reorganization (the “Plan”) is filed 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 Plan was filed by The Phoenix Gold Corp. (the “Proponent”), a Florida corporation, and provides for the guaranty of certain payments by Mark Yaffee (“Yaffee”).

The Plan proposes to pay all creditors of the Debtor, **100 cents on the Dollar** from the liquidation of the Debtor’s inventory, receivables, furniture, fixtures, equipment, music machines, cash flow from The Phoenix Gold Corp. (which shall merge into the Reorganized Debtor after confirmation), and a substantial portion of the equity in Mark Yaffe’s homestead, which is currently listed for sale.

This Plan provides for 1 class of priority claims; 1 class of secured claims; 2 classes of unsecured claims; and 1 class of equity security holders. This Plan also provides for the payment of administrative and priority tax claims.

All creditors and equity security holders should refer to Articles III through VI of this Plan for information regarding the precise treatment of their claim. A disclosure statement that provides more detailed information regarding this Plan and the rights of creditors and equity security holders has been circulated with this Plan. **Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)**

ARTICLE II
CLASSIFICATION OF CLAIMS AND INTERESTS

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| 2.01 | <u>Class 1.</u> | All allowed claims entitled to priority under § 507 of the Code (except administrative expense claims under § 507(a)(2), and priority tax claims under § 507(a)(8)). |
| 2.02 | <u>Class 2.</u> | The claim of Sovereign Bank , to the extent allowed as a secured claim under § 506 of the Code. |
| 2.03 | <u>Class 3.</u> | All unsecured claims allowed under § 502 of the Code. |
| 2.04 | <u>Class 4.</u> | All insider general unsecured claims. |

2.05 Class 5. Equity interests of the Debtor.

ARTICLE III
TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS,
U.S. TRUSTEES FEES, AND PRIORITY TAX CLAIMS

3.01 Unclassified Claims. Under section §1123(a)(1), administrative expense claims, and priority tax claims are not in classes.

3.02 Administrative Expense Claims. Each holder of an administrative expense claim allowed under § 503 of the Code will be paid in full on the effective date of this Plan (as defined in Article VII), in cash, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor.

3.03 Priority Tax Claims. Each holder of a priority tax claim will be paid in full over 48 months with statutory interest, the first payment will be made on the first day of the month following the Effective Date.

3.04 United States Trustee Fees. All fees required to be paid by 28 U.S.C. §1930(a)(6) (U.S. Trustee Fees) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee Fees owed on or before the effective date of this Plan will be paid on the effective date.

ARTICLE IV
TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

4.01 Claims and interests shall be treated as follows under this 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 “ Bank ”) 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.

ARTICLE V
ALLOWANCE AND DISALLOWANCE OF CLAIMS

5.01 Disputed Claim. A disputed claim is a claim that has not been allowed or disallowed by a final non-appealable order, and as to which either: (i) a proof of claim has been

filed or deemed filed, and the Debtor or another party in interest has filed an objection; or (ii) no proof of claim has been filed, and the Debtor has scheduled such claim as disputed, contingent, or unliquidated.

5.02 Delay of Distribution on a Disputed Claim. No distribution will be made on account of a disputed claim unless such claim is allowed by a final non-appealable order.

5.03 Settlement of Disputed Claims. The Debtor will have the power and authority to settle and compromise a disputed claim with court approval and compliance with Rule 9019 of the Federal Rules of Bankruptcy Procedure.

ARTICLE VI

PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.01 Assumed Executory Contracts and Unexpired Leases.

(a) The Debtor does not presently intend to assume any contracts under this Plan.

(b) The Debtor will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not expressly assumed under section 6.01(a) above, or before the date of the order confirming this Plan. A proof of a claim arising from the rejection of an executory contract or unexpired lease under this section must be filed no later than thirty (30) days after the date of the order confirming this Plan.

ARTICLE VII

MEANS FOR IMPLEMENTATION OF THE PLAN

7.01 Funding of the Plan. The Reorganized Debtor will fund the payments to the Bank and unsecured creditors. The following information is provided, by the Proponent, to describe the methodology for funding the Plan. The amounts identified are not provided to estimate the value of the items described, but instead to quantify the timing and amounts of the proposed payments to the creditors. Schedule B, attached 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 Machines identified in Exhibit A to this Plan (the "First Sale Music Machines"), 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 and second mortgages upon the property total 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 third 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.

7.02 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.

7.03 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.

7.04 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.

7.05 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.

7.06 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.

7.07 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, Bev Sverker, Christel Yaffe 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.

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

ARTICLE VIII

GENERAL PROVISIONS

8.01 Definitions and Rules of Construction. The definitions and rules of construction set forth in §§ 101 and 102 of the Code shall apply when terms defined or construed in the Code are used in this Plan, and they are supplemented by the following definitions:

8.02 Effective Date of Plan. The Effective Date of this Plan is the eleventh business day following the date of the entry of the order of confirmation. But if a stay of the confirmation order is in effect on that date, the effective date will be the first business day after that date on which no stay of the confirmation order is in effect, provided that the confirmation order has not been vacated.

8.03 Severability. If any provision in this Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of this Plan.

8.04 Binding Effect. The rights and obligations of any entity named or referred to in this Plan will be binding upon, and will inure to the benefit of the successors or assigns of such entity.

8.05 Captions. The headings contained in this Plan are for convenience of reference only and do not affect the meaning or interpretation of this Plan.

8.06 Controlling Effect. Unless a rule of law or procedure is supplied by federal law (including the Code or the Federal Rules of Bankruptcy Procedure), the laws of the State of Florida govern this Plan and any agreements, documents, and instruments executed in connection with this Plan, except as otherwise provided in this Plan.

8.07 Corporate Governance. Upon the effective date the corporate charter of the Debtor shall be amended to prohibit the issuance of non-voting equity securities, and to the extent that additional classes of voting equity securities are to be issued by the Debtor, it shall require an appropriate distribution of such power among such classes, including in the case of any class of any equity securities having preference over another class of equity securities with respect to dividends, adequate provisions for the election of directors representing such preferred class in the event of a default in the payment of such dividends.

ARTICLE IX **DISCHARGE**

9.01. Discharge. On the confirmation date of this Plan, the Reorganized Debtor will be discharged from any debt that arose before confirmation of this Plan, subject to the occurrence of the effective date, to the extent specified in § 1141(d)(1)(A) of the Code, except that the Reorganized Debtor will not be discharged of any debt: (i) imposed by this Plan; (ii) of a kind specified in § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure; or (iii) of a kind specified in § 1141(d)(6)(B).

ARTICLE X **OTHER PROVISIONS**

A. Modification of Plan

The Plan Proponent 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 Plan Proponent 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.

B. Final Decree

Once the Estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Debtor or such other person 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.

Respectfully submitted,

THE PHOENIX GOLD CORP.

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

No.	Date	Description
1	10/12/1999	Savoyard 15-inch Disc Musical Box
10	3/15/2000	Mills Home Model Violana
11	3/15/2000	Savoyard w/ 11 1/2" music
16	4/14/2000	F.C. Lecoultre Exhibition Cylinder Music Box
17	4/15/2000	Loesch
		Hupfeld Model 19 Sinfonie Jazz Orchestrion with Original Roll
29	7/11/2000	Cabinet and 100 rolls
32	8/11/2000	Seeburg J Orchestrion
48	1/11/2001	17 1/4" Stella Disc Musical Box (Mahogany)
75	6/27/2002	Weber Maestro Orchestrion
77	6/27/2002	Hupfeld Phonolistz-Violina, Late Model B
85	2/3/2003	Music Rolls for Paganini
88	3/31/2005	Popper Iduna
90	6/30/2007	Nicole Freres Grand Format Music Box (No. 46331)
91	6/30/2007	Regina China Cabinet Disc Musica Box
93	6/30/2007	Mermond Freres Pierodienique Musical Box
94	6/30/2007	Phillios Paganini Pianella Style 3 Piano Orchestrion
95	6/30/2007	Hupfeld Helios Model 3/39 Orchestrion
96	6/30/2007	Mortier 84-Key Astrid Café Orchestrion
97	12/8/2007	Antique Rosewood Inlaid Cased Music Box
98	4/9/2008	Music Box