THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE COURT.

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re

Chapter 11
Case No. 09-17271 (SMB)

GERALD BURROW MCCULLOUCH,

Debtor.

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DISCLOSURE STATEMENT

1. INTRODUCTION

The Debtor, Gerald Burrow McCullouch, (the "Debtor") hereby submits this Disclosure Statement pursuant to Section 1125(b) of Chapter 11, Title 11 of the United States Code (the "Bankruptcy Code") to all known holders of claims against or interests in the Debtor in order to adequately disclose information deemed to be material, important and necessary for the Debtor's creditors to make a reasonably informed judgment about the Debtor's Plan of Reorganization, dated July __, 2010, (the "Plan") and to arrive at an informed decision in exercising the right to vote for acceptance or rejection of the Plan on file in the Bankruptcy Court. The Bankruptcy Court has scheduled a joint hearing on approval of the Disclosure Statement and Confirmation of the Plan for ____, 2010 at 10:xx a.m., pursuant to Section 1126 of the Bankruptcy Code, all

Classes of creditors are impaired under the Plan. The Plan must be accepted by more than one-half in number and two-thirds in amount of each class of impaired creditors voting in order for the Plan to be confirmed. Pursuant to Section 1124 of the Bankruptcy Code, a Class is impaired if its legal, contractual or equitable rights are materially altered or reduced. This means that a creditor or class whose rights are impaired will receive less than they would have received, and at a later date, than they would have in the absence of an insolvency proceeding.

THE COURT HAS NOT YET PASSED UPON THE FINAL APPROVAL OF THE DISCLOSURE STATEMENT OR THE PLAN OF REORGANIZATION, AND THIS DISCLOSURE STATEMENT IS NOT TO BE CONSTRUED AS AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT. CREDITORS ARE URGED TO CONSULT WITH EACH OTHER AND THEIR COUNSEL REGARDING THE PLAN. BALLOTS ACCEPTING OR REJECTING THE PLAN SHOULD BE MAILED TO RATTET, PASTERNAK & GORDON-OLIVER, LLP, 550 MAMARONECK AVENUE, HARRISON, NEW YORK 10528, ATTN: ERICA R. FEYNMAN, ESQ. YOUR VOTE IN ACCEPTING OR REJECTING THE PLAN IS IMPORTANT, AND THE **BALLOTS MUST BE RECEIVED ON OR BEFORE xxxx, 2010 TO BE CONSIDERED.**

Accompanying this Disclosure Statement are copies of the following documents (Exhibits A, B and C):

A. The Plan of Reorganization;

B. Balance Sheet as of June 30, 2010;

C. Liquidation Analysis as of June 30, 2010.

2. BACKGROUND OF THE CASE

The Debtor is a professional actor and has been employed in the acting profession for approximately 23 years. From 2000 until 2008 the Debtor played a consistent role on the well known television show CSI: Crime Scene Investigation; while playing other less prominent roles on such television shows as Law & Order: Criminal Intent, and Navy NCIS: Naval Criminal Investigative Service. The Debtor has also worked as a producer and writer during his professional career. During the pendency of his chapter 11 case, the Debtor acted in a lead role on the off-Broadway play "Daddy," drawing wide positive acclaim.

The Debtor's financial difficulties arose out of a number of factors. First, in 2007 and 2008, the Writers Guild of America went on strike and as a result his primary income from CSI: Crime Scene Investigation was greatly diminished since new episodes were not being made during the strike. Once the strike was over, new writers were hired who have substantially limited his role on the show, thereby greatly decreasing the Debtor's acting income.

While acting has and continues to be the Debtor's career, several years ago, under the guidance of a former friend and purported real estate professional, the Debtor began to invest in real estate across the country. The Debtor currently owns or has interests in investment properties in Utah, Florida and Texas. The Debtor also owns a cooperative in New York City which is his primary residence and a duplex in Los Angeles which he rents out and plans to reside in when required for his profession.

When the Debtor began investing in real estate, that market was at an all time high. The Debtor's intention was not to hold these properties but to develop and/ or rehabilitate and sell them. The Debtor planned to subsidize the carrying costs of these properties personally until he could sell them. In certain instances the Debtor had investors who committed to financially support the projects, but which commitments were not honored in the end.

In 2003 the Debtor purchased the California duplex located at 1764 and 1764 1/2 Silver Lake Blvd., Los Angeles, CA 90026-1222 (the "California Property"). The Debtor has contributed substantial sums of his own hard earned savings to improve the property, but now realizes that Countrywide Financial, the mortgage company, gave him a mortgage that he could not afford. Countrywide Financial put the Debtor in an adjustable rate negative amortization mortgage; a complex mortgage that he still does not fully understand. It is clear to now that the Debtor qualified for this mortgage because of the housing boom, and the large amount of consumer credit that banks were making available to individuals like the Debtor. The Debtor did his best to stay current on the monthly mortgage payments, which was deceptively easy in the beginning due to the low initial interest rate, along with the fact that the negative amortization mortgage allowed him to pay a minimal amount each month, which did not even cover the interest payment.

However, in 2005, property prices continued to increase, and the Debtor decided, on the advice of his real estate advisor that it would be a good idea to borrower against the equity in the California Property and take the money to make a down payment on a studio apartment in New York City. The Debtor qualified for a home equity loan, which was used to make a down payment on the property located at 720 West 173 Street, Apt. 5, New York, NY 10032-1108 (the "New York Property"), as well as other day-to-day expenses. Aurora Loan Services, the mortgage originator for the New York Property placed the Debtor in a similar adjustable rate negative amortization mortgage. To this day the debtor still does not truly understand why he was placed in negative amortization mortgages, because unbeknownst to him, after years of mortgage payments, not one cent has be applied to reduce the principal balance on either of the New York or California Properties.

It was recommended to the Debtor by his real estate advisor that it would be in his best interest to convey, for no consideration, the Los Angeles and Utah properties into a corporate entity. The Debtor subsequently transferred both properties into Hard G Properties, LLC, a single member limited liability company of which he is the only member, formed in 2007 under Nevada law. However, the mortgages associated with each property have always been and continue to be in the Debtor's personal name. It is possible that Hard G may not be a valid entity at present as the Debtor is not in full compliance with the local Nevada filing and fee requirements for such entities.

Nevertheless, the Debtor's dream to build a retirement nest egg consisting of income producing properties blinded reality. Between 2007 and 2009, the Debtor purchased two other investment properties, one in 1814 South 20 East, Washington, UT 84780 (the "Utah Property"); and the other in 12150 Frankwood Road, Brooksville, FL 34613 (the "Florida Property"). The Debtor's purported real estate advisor was supposed to manage each property, while the Debtor collected the majority of the cash flow in the form of rents. However, the Debtor now recognizes that his misplaced trust in the former real estate advisor coupled with a lack of financial acumen, resulted in holding an unsustainable level of debt.

My final real estate investment occurred in 2007, when I purchased a 90% interest in a land trust located at 566 S.W. 3rd Street, Paris, Texas 75460 (the "Texas Land Trust"). The Texas Land Trust is a seven (7) unit apartment building held in a land trust in which was supposed to be managed by a Trustee named Brad Strawn, who the Debtor had communicated with numerous times prior to purchasing an interest in the Texas land Trust. Mr. Strawn provided the Debtor with financial projections, pictures, and other literature about the value of investing in the Texas Land Trust. The purchase price consisted of a $54,000 down payment, with the remaining

balance to be taken from the monthly income stream the Debtor was supposed to receive. The property was supposed to be a multi-unit residential property building that generated at least $600.00 in monthly cash flow to the Debtor from rents. When he purchased the property (or an interest in the trust) it was represented to the Debtor that there would be sufficient cash flow from the property to satisfy all carrying costs and still have excess cash income to the trust, i.e. the Debtor. However, the Debtor has never received a single payment or statement from the trustee, despite my repeated efforts to obtain same. The Debtor never received any income from the Texas Land Trust, nor were his many inquiries into the operation and management of the property answered. It has been concluded that the Debtor was defrauded by the trustee, and the many attempts by bankruptcy counsel to communicate with the trustee have not been answered.

Consequently, the Florida, Utah and California properties all have tenants; however, neither the Utah nor the Florida rental income is sufficient to satisfy the carrying costs of those properties.

As a result of the real estate market crash and the significant reduction in the Debtor's acting income, he was unable to sustain the carrying costs of the properties without significantly drawing down on his savings and using credit cards. Unfortunately, the longer he was forced to hold and subsidize these properties, the more he depleted his life savings and faced an unsustainable debt burden.

The Debtor made a number of efforts to reorganize his affairs including paying substantial sums of money to a debt consolidation company as well as a mortgage modification company. These efforts cost me approximately $11,000 and were completely unsuccessful. In fact, despite being enrolled in a debt consolidation program that was supposed to help solve his financial problems, the Debtor was sued by several credit card issuers that tried to collect on their debt.

In the late summer of 2009, the debtor's financial situation became unbearable, so he consulted with Mr. Sundberg who improperly advised him to cease making payments on the mortgages in order to incentivize the various banks to enter into loan modifications. The Debtor now knows this was unsound advice since it led to a foreclosure action commenced against Hard G Properties, LLC and the Debtor individually with respect to the Utah Property.

Despite considerable efforts on his part the Debtor was unable to modify any of the loans on his own, and with the Utah foreclosure sale date set, Mr. Sundberg, the real estate advisor told him to file chapter 13 bankruptcy in order to gain additional time to reorganize. The Debtor went to the courthouse and with Mr. Sundberg guiding him on the telephone; he filled out the bankruptcy documents and on September 2, 2009 filed a chapter 13 proceeding without the benefit of counsel, in the Southern District of New York, Case No. 09-15359 (MG).

Almost at the same time that he filed for chapter 13 bankruptcy, Mr. Sundberg vanished. He was unreachable in every way and the Debtor was left to sort out the pieces. Shortly after filing for Chapter 13 bankruptcy, the Debtor was referred to and consulted with now current chapter 11 bankruptcy counsel who advised him that he was ineligible for chapter 13 relief based upon the amount of his secured debt, so he requested that the Bankruptcy Court dismiss the chapter 13 case.

On October 22, 2009 the Chapter 13 case was dismissed and thereafter the Debtor retained the services of Rattet, Pasternak & Gordon-Oliver, LLP to represent him in this Chapter 11 case.

3. SUMMARY OF OPERATIONS DURING CHAPTER 11 PERIOD

The Debtor filed for Chapter 11 protection on December 11, 2009 in order to restructure his debts, including modification of his mortgages in an attempt to salvage his investments, and provide him with the necessary time he requires to bring his business affairs in order.

Loss Mitigation on the Debtor's Principal Residence in New York

While operating under Chapter 11 protection, the Debtor has made significant attempts to modify the mortgage on his New York Property so that he can afford the monthly payment, begin to repay the principal balance on the mortgage and build equity in his home. On January 4, 2010, the Debtor filed the appropriate Loss Mitigation Request Pursuant to General Order M-362, requesting loss mitigation for his principal residence. Although loss mitigation was terminated without reaching a modification, the bank agreed to revisit the modification once the Debtors financial picture became clearer and decisions we made with respect to the other properties.

Loan Modification on the California Property

The Debtor has made substantial efforts to maximize the value of his California Property for the benefit of the estate by engaging with Bank of America, the mortgagee in loan modification. During the chapter 11 case, the Debtor has generated significant cash flow by signing four new tenants to one-year lease agreements.

The Debtor has had numerous discussions with Bank of America regarding loan modification. On January 27, 2010, the Debtor sent a loan modification package to Bank of America, which contained necessary financial information and a hardship letter to initiate the loan modification process. The Debtor has been advised that Bank of America is working diligently to negotiate a modification with the investor trust that owns the Debtor's mortgage with a goal of placing the Debtor is a modification that will benefit all parties. Although the

Debtor believes that these negotiations have been productive, the loan modification is a very time consuming process. The Debtor is one of millions of similarly situated borrowers trying to modify their mortgage to convert it to a conforming loan. Negotiations may continue for several months after the Debtor has filed his Plan of Reorganization, and as of now, the bank has not heard back from the investor group with a final decision.

Nevertheless, the Debtor was advised by Bank of America that in November of 2010, the monthly mortgage payment will be approximately $4,200, which is less than the cash flow being generated by the four tenants. Therefore, as the Debtor continues to wade through the loan modification process, he is confident that his monthly cash flow from this property will cover the current carrying costs.

Abandonment of the Florida Property

The Debtor purchased the Florida Property in 2007 for $241,500, and was led to believe that it was a solid investment. However, as a result of the credit crisis and the burst housing bubble, the value of the Florida Property has decreased substantially; and the current debt service greatly exceeds the rental value of the property.

In January 2010, the Debtor obtained an independent appraisal for the property, which valued it at $111,500. The Debtor immediately realized that the only way he could continue to maintain the debt service on this property would be to engage in loan modification. On January 26, 2010, the Debtor sent a loan modification package to the Federal Deposit Insurance Corporation as receiver for Ocala National Bank (the "FDIC"), which contained necessary financial information and a hardship letter to initiate the loan modification process.

The Debtor began very productive negotiations with the FDIC; and was initially advised in early February 2010 that the FDIC would forgive a substantial portion of the principal balance

on the loan as a component of loan modification. The Debtor's counsel spoke directly to several representatives from the FDIC, and was very encouraged by these discussions.

However, within days of the Debtor's initial discussions, he was advised by the FDIC representatives that his loan had been packaged, bundled and securitized with many other residential loans, and sold to an investment group. The unfortunate result of the securitization is that the all of the Debtor's efforts to modify his loan with the FDIC were for naught since the FDIC no longer had authority to grant a loan modification for the property. Furthermore, the Debtor has made several attempts to determine who the new owner of his mortgage is, with no success.

The Debtor realizes that the only way to continue his ownership of this property requires the mortgagee to forgive a substantial portion of the principal balance on the loan. The Debtor has been advised by counsel that it does not believe any loan modification would contemplate principal reduction based on its experience modifying numerous mortgages. Therefore, in lieu of continuing efforts to modify the mortgage, including the substantial administrative expenses required by Debtor's counsel in negotiating the modification which results in a diminution of the Debtor's estate, the Debtor will abandon the Florida Property. Abandoning the Florida Property will result in a substantial benefit to the Debtor's estate by reducing the debt service associated with maintaining the mortgage.

Abandonment of the Utah Property

The Debtor purchased the Utah Property as an investment property. Similarly to the other investment properties as a result of the credit crisis and the burst housing bubble, the value of the Utah Property has decreased substantially; and the current debt service greatly exceeds the rental value of the property.

Over the past year, the Debtor's tenants have expressed great interest in purchasing the Utah Property. On December 16, 2009, the Debtor received a written real estate purchase contract from the current tenants who offered to purchase the Utah Property for $233,000.00 or roughly 52.29% of the first and second mortgages combined. The Debtor believes that the offer is commensurate, if not above the current market value of the property.

In order to facilitate a short sale, and reduce the aggregate creditor body, on January 26, 2010, the Debtor sent a loan modification package to GMAC's (the first mortgagee) loss mitigation department, which contained necessary financial information and a hardship letter to initiate the short sale process. The Debtor's counsel had several communications with representatives at GMAC's loss mitigation department, who notified the Debtor that the short sale was being reviewed. However, after many attempts to obtain a status update on the property, the Debtor has not received any response, and has therefore decided to seek the Bankruptcy Court's authority to abandon and surrender the property to sections 554 and 1129(b)(2)(A)(iii)of the Bankruptcy Code.

Surrender and Abandonment of the Texas Property

Without the advice of counsel, the Debtor purchased an interest in a Land Trust located at 566 SW 3rd Street, Paris, Texas 75460 on April 30, 2007. The property is a seven (7) unit apartment building held in a land trust in which, upon information and belief, the Debtor holds a substantial interest.

On April 30, 2007, the Debtor signed a Standard Purchase and Sale Agreement ("Sales Contract"), providing that Brad Strawn as Trustee (the "Trustee") for the Center Court Apartments Land Trust (the "Trust") agreed to sell the property to the Debtor for a total purchase price of $179,000.00.

On May 1, 2007, the Debtor entered into a Declaration of Trust and Land Trust Agreement ("Trust Agreement") with the Trustee that gave the Trustee a wide range of authority to manage the Trust. The Trust Agreement named Brad Strawn and Amie Strawn the beneficiaries of the Trust, each with a 50% interest.

On or about May 8, 2007, the Debtor signed a promissory note, whereby the Debtor promised to pay the Trustee $124,000.00 over twenty-four monthly payments with a balloon payment due at maturity. As additional consideration, the Debtor made a $54,000 down payment against the purchase price.

On May 25, 2007, the Debtor entered into an Assignment and Quit Claim of Beneficial Interest in Land Trust (the " Assignment and Quit Claim Agreement"), that assigned 90% of the trustee's beneficial interest in the Trust to the Debtor, with the remaining 10% to be assigned upon full payment on the promissory note.

In addition, on May 25, 2007, the Debtor entered into a Security Agreement for Borrowing Money between Gerald McCullouch/Hard G Properties, LLC and Brad Strawn (the "Security Agreement"). The Security Agreement grants the Trustee a 90% beneficial interest in the Property, to secure performance on the promissory note.

Upon the advice of the Debtor's purported real estate advisor, the Debtor entered into these agreements without counsel, he did not physically inspect the property, nor did he meet the counterparties in person beforehand. All documents were executed from each party's respective location.

Contrary to the terms of the promissory note, and security agreement, the Debtor's understanding of this transaction is very different. When the Debtor purchased the property (or an interest in the trust) it was represented to him that there would be sufficient cash flow from the

property in the form of rents to satisfy all carrying costs, including the payment on the promissory note, and still provide excess revenue to the Debtor. Specifically, the Debtor was advised that the property would have a $600.00 per month positive cash flow after all costs and expenses, none of which the Debtor has realized. Based on this representation the Debtor has not made a payment into the Trust beyond his initial $54,000 down payment. Notwithstanding his failure to make a single payment under the Note he has never received a default letter or even a mention from the Trustee during their telephone conversations, while infrequent, regarding the Debtor's failure to make a payment.

Despite numerous inquiries and emails requesting information, the Debtor has never received a single payment or statement containing any information regarding the Trust from the Trustee. This is extremely disconcerting to the Debtor since he was assured that he would receive quarterly statements and appropriate tax forms.

In an attempt to bring clarity to this perplexing situation, on January 15, 2010, the Debtor filed a 2004 Application with the Court (see Docket No. 26), and the Order granting the application was subsequently entered on February 2, 2010. Thereafter, the Debtor made an effort to obtain the production request in the 2004 Order by serving a subpoena on the Trustee by process server in Texas. The process server served the subpoena and 2004 Order on the Trustee's individual residence.

Nevertheless, the Trustee has not responded to the subpoena, nor has the Debtor received any communications from the Trustee. Although the Debtor desires to recoup his initial down payment, counsel has advised him that the cost of retaining local litigation counsel in Texas, and pursuing a civil lawsuit against the Trustee may not result in a recovery of the down payment, and likely will not be cost effective.

In order to ensure that the Debtor is not liable for any lien or judgments on the Texas Property, and to determine his ownership rights, the Debtor had a lien and ownership search performed by a title company in Texas. The results of the search provided the Debtor with sufficient proof that he is not on the deed. Furthermore, there are currently no judgments or liens recorded in the land records. Upon information and belief, the Debtor has come to learn that the Texas Property has been poorly maintained, and appears to be a run down and vacant lot. The Debtor believes that it is cost prohibitive to further investigate his rights in and to the Texas Property, which has become burdensome to the estate. Furthermore, the Texas Property is of inconsequential value to the Debtor's estate, and will be abandoned.

4. ABANDONMENT AND/OR SURRENDER OF CERTAIN REAL PROPERTY

A. Abandonment of Property Pursuant to 11 U.S.C. § 554

Section 554(a) of the Bankruptcy Code provides that "[a]fter notice and a hearing, the trustee may abandon any property of the estate that is burdensome to the estate or that is of inconsequential value and benefit to the estate." Section 554 permits the Debtor to abandon property "to the party who has a possessory interest in the property." In re Contifinancial Corp., 2010 WL 2522732, 3 (Bankr. S.D.N.Y. 2010); citing In re Jandous Elec. Const. Corp., 96 B.R. 462, 466 (Bankr.S.D.N.Y.1989); see Ohio v.. Kovacs, 469 U.S. 274, 284 n. 12 (1985) citing S.Rep. No. 95-989, 95th Cong.2d Sess. At 92 (1978); see also In re Interpictures Inc., 217 F.3d 74 (2d Cir.2000).

" A possessory interest is defined as a right to exert control over or a right to possess property to the exclusion of others." In re Contifinancial Corp., 2010 WL 2522732, 3 (Bankr. S.D.N.Y. 2010)(Internal Quotations Omitted); citing In re Cruseturner, 8 B.R. 581, 591 (Bankr. D. Utah 1981) (citing BLACK'S LAW DICTIONARY 1049 (5th ed.1979)). Brad Strawn, the

Texas Trustee has a possessory interest in the Texas Property pursuant to the party's agreement and understanding. The Trust Agreement contemplated that Brad Strawn would be the sole owner of the Texas Property until the Debtor fulfilled his obligations pursuant to the promissory note. Although the Debtor believes that he may be entitled to an ownership interest in the Texas Property, it is clear from the Trust Agreement that Brad Strawn has a possessory interest in the Texas Property. As discussed above, the Texas Property is burdensome and of inconsequential value to the estate, and the Debtor will abandon the Texas Property to Brad Strawn, the Trustee pursuant to 11 U.S.C. § 554(a).

B. Surrender of Property Pursuant to 11 U.S.C. § 1129(b)(2)(A)(iii)

Pursuant to section 1129(b)(2)(A)(iii) of the Bankruptcy Code, "a Debtor may substitute collateral so long as the secured creditor receives the indubitable equivalent of his lien." In re Indreland, 77 B.R. 268, 272 (Bankr. D. Mont. 1987); citing Matter of Sun Country Development, Inc., 764 F.2d 406 (5th Cir.1985). 11 U.S.C. § 1129(b)(2)(A)(iii) provides in pertinent part:

> For the purpose of this subsection, the condition that a plan be fair and equitable with respect to a class includes the following requirements - With respect to a class of secured claims, the plan provides for the realization by such holders of the indubitable equivalent of such claims.

Although the term "indubitable equivalent" is not defined in the Bankruptcy Code, section 1129(b)(2)(A)(iii) can be read to state that "the realization of the holders of secured claims of the indubitable equivalent of their *secured* claims." Matter of Sandy Ridge Development Corp., 881 F.2d 1346, 1350 (5th Cir. 1989). A surrender of collateral to the secured creditor has been held to satisfy this requirement.

The Fifth Circuit Court of Appeals in Matter of Sandy Ridge Development Corp., 881 F.2d 1346, 1350 (5th Cir. 1989), analyzed the indubitable Equivalence Standard, and found that:

> It is settled that the concept of indubitable equivalence is rooted in the language of the court stated that "a creditor who fears the safety of his principal will scarcely be content with ... [interest payments alone]; he wishes to get his money or at least the property. We see no reason to suppose that the statute was intended to deprive him of that ... unless by a *substitute* of the most indubitable equivalence." The key word is "substitute." (Internal citations Omitted)

In In re Murel Holding Corp., 75 F.2d 941 (2d Cir. 1935), the court refused to confirm a speculative plan, since the creditor would receive *neither* money nor property, nor would he receive an equivalent substitute. However, in Matter of Sandy Ridge Development Corp., the Fifth Circuit went on to hold that a surrender of the actual property underlying a secured claim is indubitably equivalent to what the creditor would receive under its secured claim. "In the present case, LNB will receive the actual property underlying its secured claim and, therefore, it is clear that it will receive the indubitable equivalent of its secured claim." Id. 881 F.2d at 1350.

In the instant chapter 11 case, the Debtor intends to surrender the Utah Property and Florida Property back to their respective mortgagees as the indubitable equivalence of their Allowed Secured Claims. Because both the Utah Property and the Florida Property are of inconsequential value to the Debtor's estate, upon confirmation both properties will be surrendered to their respective mortgagees. In addition, both mortgagees will be entitled to file a proof of claim for any deficiency between the sale price of the property and the balance on the mortgages. The Debtor will give the secured creditors ample time to fix their deficiency claims, if any, and file a proof of claim against the Debtor by a future Bar Date as set by this Court.

5. THE PLAN OF REORGANIZATION

THE FOLLOWING IS A BRIEF SUMMARY OF THE PLAN AND SHOULD NOT BE RELIED ON FOR VOTING PURPOSES. CREDITORS ARE URGED TO CONSULT WITH

THEIR COUNSEL AND WITH EACH OTHER IN ORDER TO FULLY UNDERSTAND THE PLAN AND EXHIBITS ATTACHED TO IT. THE PLAN IS COMPLEX INASMUCH AS IT REPRESENTS A PROPOSED LEGALLY BINDING AGREEMENT BY THE DEBTOR, AND AN INTELLIGENT JUDGMENT CONCERNING SUCH PLAN CANNOT BE MADE WITHOUT UNDERSTANDING IT.

The Plan will be funded in part by the Debtor's continuing future income, and in part by a liquidation of the Debtors bank account and savings accounts, which, as set forth in the liquidation analysis annexed to this Disclosure Statement as Exhibit "C". The Debtor believes that the Plan is fair and reasonable and strongly recommends that the creditors accept the Plan.

Treatment of Classes Under the Plan

Satisfaction of Claims. The treatment of and consideration to be received by holders of Allowed Claims pursuant to Article IV of the Plan shall be in full satisfaction, release and discharge of their respective Claims against the Debtor and the Debtor's estate.

a) Allowed Administrative Claims other than Claims of Professionals: These Claims, if any, shall be paid according to the terms and conditions of the respective contracts and/or stipulations in judicial proceedings with respect to those Claims, or if there are no such contracts and/or stipulations, on the Effective Date or as soon thereafter as practical, or on such other date or upon such other terms as the holder of the Claim and the Debtor may agree. The Debtor believes that there are little to no such post-petition claims. These Claims are not impaired under the Plan.

b) Allowed Administrative Claims of Professionals: The only Claim by a Professional in this case is that of Debtor's counsel, Rattet, Pasternak & Gordon-Oliver, LLP ("RPGO").

RPGO's Claim is in the approximate net amount of $30,000. The Allowed Administrative Claim of RPGO, duly retained by order of the Bankruptcy Court, shall be paid on the Effective Date.

c) Allowed Priority Tax Claims: Allowed Priority Tax Claims [11 U.S.C. § 507(a)(8)], if any, shall be paid in full, in Cash on the Effective Date. Although several priority claims were disclosed on Schedule E of the Debtor's Schedule of Assets and Liabilities, said liabilities have all been paid in the ordinary course and to the Debtor's knowledge, no Priority Tax Claims exist.

d) **Class 1:** Class 1 Claims include the Allowed Secured Claim of BAC Home Loan/Countrywide Bank ("Bank of America"), mortgagee of the California Property, in the approximate aggregate amount of $935,702.18. Bank of America has an undersecured loan on the California Property. As holder of an Allowed Secured Claim, Bank of America shall receive payment either in accord with the terms of the current or modified mortgages. The Class 1 Secured Claim of Bank of America is not impaired under the Plan. Bank of America as holder of an Allowed Class 1 Secured Claim, shall retain its mortgage and continue to be paid by the Debtor in accordance with the underlying agreements and in the ordinary course.

e) **Class 2:** Class 2 Claims include the Allowed Secured Claim of Aurora Loan Services ("Aurora"), mortgagee of the New York Property, in the approximate aggregate amount of $271,212.74. Aurora has an undersecured loan on the New York Property. As holder of an Allowed Secured Claim, Aurora shall receive payment either in accord with the terms of the current or modified mortgages. The Class 2 Secured Claim of Aurora is not impaired under the Plan. Aurora as holder of an Allowed Class 2 Secured Claim, shall retain its mortgage and continue to be paid by the Debtor in accordance with the underlying agreements and in the ordinary course.

f) **Class 3:** Class 3 Claims include the Allowed Secured Claim of GMAC Mortgage ("GMAC"), mortgagee of the Utah Property, in the approximate aggregate amount of $396,594.46. GMAC has an undersecured loan on the Utah Property. As holder of an Allowed Secured Claim, the Debtor will surrender the Utah Property back to GMAC, and an amount up to the sale price of the property securing the mortgage will satisfy GMAC's Allowed Secured Claim. The Class 3 Secured Claim of GMAC is not impaired under the Plan. GMAC Mortgage as holder of an Allowed Class 3 Secured Claim, shall receive the collateral securing its lien in full satisfaction of its lien. If the Secured Claim Holder has a deficiency after the sale of the property, it may file an unsecured non-priority proof of claim against the Debtor within sixty (60) days after the Plan is Confirmed. All deficiency claims shall be Class 6 General Unsecured Non-Priority Claims.

g) **Class 4:** Class 4 Claims include the Allowed Secured Claim of the BAC Home Loan Serv LP ("BAC"), second mortgagee of the Utah Property Bank, in the approximate aggregate amount of $48,948.29. BAC has an undersecured loan on the Utah Property. As holder of an Allowed Secured Claim, the Debtor will surrender the Utah Property back to BAC, and an amount up to the sale price of the property securing the home equity loan will satisfy BAC's Allowed Secured Claim. The Class 4 Secured Claim of BAC is not impaired under the Plan. BAC as holder of an Allowed Class 4 Secured Claim, shall receive the collateral securing its lien in full satisfaction of its lien. If the Secured Claim Holder has a deficiency after the sale of the property, it may file an unsecured non-priority proof of claim against the Debtor within sixty (60) days after the Plan is Confirmed. All deficiency claims shall be Class 6 General Unsecured Non-Priority Claims.

h) **Class 5:** Class 5 Claims include the Allowed Secured Claim of Roundpoint ("Roundpoint"), mortgagee of the Florida Property formerly held by Ocala National Bank, in the approximate aggregate amount of $241,706.00. Roundpoint has an undersecured loan on the Florida Property. As holder of an Allowed Secured Claim, the Debtor will surrender the Florida Property back to Roundpoint, and an amount up to the sale price of the property securing the mortgage will satisfy Roundpoint's Allowed Secured Claim. The Class 5 Secured Claim of Roundpoint is not impaired under the Plan. Roundpoint as holder of an Allowed Class 5 Secured Claim, shall receive the collateral securing its lien in full satisfaction of its lien. If the Secured Claim Holder has a deficiency after the sale of the property, it may file an unsecured non-priority proof of claim against the Debtor within sixty (60) days after the Plan is Confirmed. All deficiency claims shall be Class 6 General Unsecured Non-Priority Claims.

i) **Class 6:** Class 6 Unsecured Non-Priority Claims aggregate approximately $389,479.141, notwithstanding any deficiency Claims. Each holder of a General Unsecured Non-Priority Claims shall be paid approximately of 27.5% of their Allowed Claims, which may be substantially decreased depending on the number and amount of deficiency claims filed by Class 3, 4 and 5 Holders.

Such distribution shall be payable over five (5) years in ten (10) equal semi-annual installments, or as soon thereafter as is reasonably practicable. The first installment shall be payable six months after the Confirmation Date.

Upon the payment of the foregoing, Class 6 claimants shall be deemed to have no other Claims against the estate, the Debtor or the Reorganized Debtor. Creditors holding Allowed Class 2 Claims are impaired under this Plan and as such are entitled to vote.

1 This amount does not include any deficiency claims ultimately filed by Allowed Claim Holders in Classes 3, 4 and 5 within sixty (60) days of the Confirmation Date.

Deemed Acceptance Any ballot which is executed by the holder of an Allowed Claim but which does not indicate an acceptance or rejection of the Plan, shall be deemed to be an acceptance of the Plan, in the amount set forth on the Debtor's schedules as may be amended or on a proof of claim, if one was filed, upon its Allowance.

Miscellaneous Upon confirmation of the Plan the powers, duties and responsibilities of the Debtor shall vest in the Debtor. The Debtor shall effectuate distributions under the Plan. The Debtor reserves the right, under the Plan, to object to the Allowance of Claims. All notices and correspondence should therefore be forwarded in writing to:

RATTET, PASTERNAK & GORDON OLIVER, LLP
550 Mamaroneck Avenue
Harrison, New York 10528
(914) 381-7400
Attn: Erica R. Feynman, Esq.

6. FINANCIAL INFORMATION

Schedules of the Debtor's assets and liabilities were filed with the Clerk of the Court and may be inspected by all interested parties. During the Debtor's Chapter 11 period, the estate has remained current in all of its post-petition obligations, excluding its obligations on the Florida, California and Utah properties as disclosed in the Debtor's monthly operating reports. The Debtor has accumulated no additional administrative expenses, other than those attributable to duly retained professionals.

The estimated amounts required on confirmation are:

United States Trustee Fees	$-0-
Professional Fees & Expenses	$30,000.00
First Installment of __% Distribution to General Unsecured Creditors	$10,717.90 (appr.)
Allowed Tax Claims	$ -0-

Estimated Total Required on Confirmation…….$40,717.90

The payments required on confirmation shall be funded one (1) year after the Effective Date of the Plan by the Debtor.

Based upon the figures contained within the estimated liquidation analysis annexed hereto and in view of the projected Chapter 7 administration expenses and the forced liquidation value of the Debtor's assets, the Class 2 Unsecured Creditors would receive a lesser distribution if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

In addition, upon the payment in full of the Chapter 11 administration claims as well as any priority claims, which payments would be made prior to any distribution to Unsecured creditors, there would likely be little to no distribution to the Unsecured creditors. The Debtor's net professional and nonprofessional Administrative Claims are expected to equal approximately $30,000. This is to pay for the fees and expenses of the Debtor's attorneys. Accordingly, if the Debtor were to be liquidated under Chapter 7 of the Bankruptcy Code, the unsecured creditors would likely receive a diminished return and the estimated 27.5% distribution of the Allowed amount of Unsecured Creditors' Claims significantly exceeds the results that the unsecured creditors would achieve under a Chapter 7 liquidation.

THE DEBTOR THEREFORE STRONGLY RECOMMENDS ACCEPTANCE OF THE PLAN. CREDITORS ARE URGED TO CONSULT WITH THEIR ATTORNEYS AND AMONGST THEMSELVES IN DETERMINING WHETHER TO ACCEPT OR REJECT THE PLAN.

7. CONTINUING JURISDICTION OF THE BANKRUPTCY COURT

Pursuant to the Plan, the United States Bankruptcy Court for the Southern District of New York is to retain jurisdiction of the implementation of the Plan. The Debtor and such other applicable parties in interest as set forth in this Plan reserve the right, as set forth in this Plan, to

institute estate causes of action belonging to the Debtor's estate for a period of thirty (30) days after the Effective Date.

8. EXECUTORY CONTRACTS

Any contract that is executory, in whole or in part, to which the Debtor is a party shall be deemed assumed on the Effective Date except as provided below. Specifically, the Debtor intends to assume its contracts with; (a) Kate Arthur and Rebecca Pumoulin in connection with a residential lease on the California Property, dated March 22, 2010, (b) Spencer Nikosey and Juan David Quinones in connection with a residential lease on the California Property, dated March 22, 2010, (c) Christopher Watson, Lessee in connection with a residential sublease on the located at 7723 Lexington Ave, Los Angeles, CA, (d) Theresa Smiley Barnes in connection with a residential lease on the Florida Property, (e) Jeff Barnes in connection with a residential lease on the Utah Property.

The Debtor intends to reject one (1) executory contract; the Time Share, which shall be deemed rejected as of the filing date. The Debtor believes that these agreements are onerous and not necessary to the reorganization. The terms of the Time Share were unfavorable and the Debtor, in its business judgment determined that assuming this agreement is not in the best interest of the estate and its creditors.

9. CONFIRMATION PROCEDURE

8.1 Solicitation of Votes. Any holder of a Claim in any of the voting classes is entitled to vote if either (i) such holder's Claim has been scheduled by the Debtor in the schedules filed with the Bankruptcy Court (provided that such Claim has not been scheduled as disputed, contingent or unliquidated), (ii) such holder has filed a proof of Claim on or before April 1,

2010, the Bar Date (or, if not filed by such date, any proof of Claim filed with leave of the Bankruptcy Court), or (iii) such holder has filed a proof of claim in accordance with the Plan for a deficiency judgment within sixty (60) days after closing and the purchaser takes title to the property, unless an objection to such Claim has been duly filed and the court has not provisionally allowed the Claim for voting purposes. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that an acceptance or rejection was not solicited or procured or made in good faith or in accordance the provisions of the Bankruptcy Code.

8.2 Confirmation Hearing. The Bankruptcy Code requires the Bankruptcy Court to hold a hearing on confirmation of the Plan after the ballots have been cast. The Confirmation Hearing has been scheduled for the date set forth on the Court Order which accompanies this Disclosure Statement. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjournment made at the Confirmation Hearing. At the Confirmation Hearing, the Bankruptcy Court will (i) determine whether the Plan has been accepted by the requisite majorities of each voting class; (ii) hear and determine all objections to the Plan and to confirmation of the Plan; (iii) determine whether the Plan meets the requirements of the Bankruptcy Code and has been proposed in good faith; and (iv) confirm or refuse to confirm the Plan.

8.3 Acceptance. Each of the voting classes will be deemed to have accepted the Plan if the Plan is accepted by at least two-thirds in dollar amount and more than one-half in number of the Claims of such Class (excluding certain Claims designated under Section 1126(e) of the Bankruptcy Code) that have voted to accept or reject the Plan.

8.4 Best Interest Test. The Bankruptcy Code requires that in order to confirm the Plan, the Bankruptcy Court must determine that the values of the distributions to be made under the Plan to each Class will equal or exceed the values which would be allocated to such Class in a liquidation under Chapter 7 of the Bankruptcy Code (the "Best Interest Test"). The Best Interest Test with respect to each impaired Class requires that each holder of a Claim or Interest in such Class either (i) accept the Plan or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

The Plan of the Debtor is based upon a liquidation analysis developed by the Debtor. (A copy of the liquidation analysis in support of confirmation is annexed hereto as **Exhibit "C"**). Based upon these detailed analyses, it is submitted that the Plan meets the requirements of the Best Interest Test. The Debtor will have adequate funds to make the payments contemplated under the Plan such that the total value distributed to each Class under the Plan will exceed what would be recovered by such Class in a Chapter 7 liquidation.

8.5 Objections to Confirmation. Objections to confirmation must be in writing and specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim held by the objector. Any such objection must be filed with the Bankruptcy Court and served upon each of the following so that it is received by them on or before 4:00 P.M. on the date set forth in the Court Order which accompanies this Disclosure Statement:

Rattet, Pasternak & Gordon Oliver, LLP
Attorneys for the Debtor
550 Mamaroneck Avenue
Harrison, New York 10528
Attn: Jonathan S. Pasternak, Esq.

Objections to confirmation of the Plan are governed by Federal Rule of Bankruptcy Procedure 9014.

10. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN.

If the Plan is not confirmed and consummated the alternatives include: (i) preparation and presentation of an alternative plan of reorganization; (ii) liquidation of the Debtor under Chapter 7 of the Bankruptcy Code; or (iii) dismissal of the Chapter 11 case, which would result in all creditor claims and rights of collection and enforcement being restored in full.

9.1 Liquidation Analysis. Generally, the Debtor believes that the value of any distribution from a liquidation to a holder of an Allowed Claim in a Chapter 7 case for the Debtor would be less than the value of distributions under the Plan because such distributions, if any, in a Chapter 7 case would be less than the amount creditors will receive under the Plan, and, as discussed below, there would likely be diminished assets available for distribution. In the likely event litigation were necessary to resolve Claims asserted in a Chapter 7 case, the delay could be prolonged for several years. In all likelihood, the considerable professional and nonprofessional administration Claims would consume most if not all of the Debtor's estate, likely resulting in a significantly smaller distribution to Unsecured Creditors.

If no plan can be confirmed, the Debtor's Chapter 11 case may be converted to a case under Chapter 7, in which a Chapter 7 trustee would be elected or appointed to liquidate the assets of the Debtor for distribution to its creditors in accordance with the priorities established by the Bankruptcy Code.

After careful review of the Debtor's estimated recoveries in a liquidation scenario the Debtor has concluded that the recovery to creditors will be greatly maximized by the Debtor's Chapter 11 liquidating plan. The Debtor believes that its business and assets have a value that would be maximized in a Chapter 11 reorganization, either in whole or in substantial part. According to the liquidation, the value of the Debtor's Estate is considerably greater in a Chapter 11 reorganization than as in a liquidation pursuant to Chapter 7 of the Bankruptcy Code.

ACCORDINGLY, THE DEBTOR BELIEVES THAT THE PLAN PROVIDES THE BEST RECOVERIES POSSIBLE FOR CLAIMHOLDERS AND THE DEBTOR STRONGLY RECOMMENDS THAT YOU VOTE TO ACCEPT THE PLAN.

11. OTHER CONSIDERATIONS; RISK FACTORS.

HOLDERS OF CLAIMS AGAINST THE DEBTOR SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH AND/OR INCORPORATED BY REFERENCE), PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

12. TITLE TO PROPERTY, DISCHARGE AND TAX CONSEQUENCES

11.1 Tax Consequences of Confirmation. Confirmation may have federal income tax consequences for the Debtor and holders of Claims and Interests. The Debtor has not obtained

and does not intend to request a ruling from the Internal Revenue Service (the "IRS"), nor has the Debtor obtained an opinion of counsel with respect to any tax matters. Any federal income tax matters raised by confirmation of the Plan are governed by the Internal Revenue Code and the regulations promulgated thereunder. The Debtor, creditors are urged to consult their own counsel and tax advisors as to the consequences to them, under federal and applicable state, local and foreign tax laws, of the Plan. The following is intended to be a summary only and not a substitute for careful tax planning with a tax professional. The federal, state and local tax consequences of the Plan may be complex in some circumstances and, in some cases, uncertain. Accordingly, each holder of a Claim is strongly urged to consult with his or her own tax advisor regarding the federal, state and local tax consequences of the Plan, including but not limited to the receipt of cash under this Plan.

11.2 Tax Consequences to the Debtor. The Debtor may not recognize income as a result of the discharge of debt pursuant to the Plan because Section 108 of the Internal Revenue Code provides that taxpayers in bankruptcy proceedings do not recognize income from discharge of indebtedness. However, a taxpayer is required to reduce its "tax attributes" by the amount of the debt discharged. Tax attributes are reduced in the following order: (i) net operating losses; (ii) general business credits; (iii) capital loss carryovers; (iv) basis in assets; (v) passive activity loss and credit carryovers; and (vi) foreign tax credit carryovers.

13. PREFERENCES/FRAUDULENT CONVEYANCE CLAIMS

12.1 Preference/Fraudulent Conveyance Claims. The Debtor and the Debtor's Attorneys have completed their review of the Debtor's books and records for fraudulent conveyances or preferences and have discovered no such potential actions or other causes of

action in favor of the estate, and therefore the Debtor has determined not to commence any adversary proceeding with respect to fraudulent or preferential actions.

14. BAR DATE

13.1 Bar Date. The Court fixed April 1, 2010 as the last day for creditors holding Claims as of the Petition Date to file Claims against the Debtor. Notice was duly served upon all known unsecured creditors by first class mail. Any Claim not filed by the Bar Date, April 1, 2010, and was not timely filed, other than Claims scheduled by the Debtor as nondisputed, liquidated and noncontingent and Claims arising subsequent to the Petition Date, shall be invalid for all purposes; and deficiency claims that are subject to a bar date that is sixty (60) days after the date that title to the property is transferred to the purchaser.

15. CLAIMS REVIEW BY THE DEBTOR

The Debtor has already completed its claims review and resolution process and was able to accomplish same without the need for motion practice and/ or litigation. The Debtor, however, reserves the right to further object to any Claims asserted against the Debtor and has the right to settle, compromise or prosecute all Claims objections in any manner it determines in his sole discretion.

16. CAUSES OF ACTION IN FAVOR OF THE DEBTOR

The Debtor will review various causes of action that they may possess against third parties. The Debtor reserves the right to commence any and all actions, either in the Bankruptcy

Court, or, after confirmation in appropriate non-bankruptcy forums. The Debtor believes there are no such causes of action.

17. POST-CONFIRMATION REPORTS

The Reorganized Debtor shall be responsible for filing post-confirmation reports with the Bankruptcy Court and shall pay all quarterly fees required under 28 U.S.C. Section 1930 until the earlier of (a) conversion or dismissal of the Chapter 11 Case or (b) entry of a final decree closing the Chapter 11 Case.

18. RECOMMENDATION

The Debtor believes that confirmation of the Plan is preferable to any of the alternatives described above. The Plan will provide greater recoveries than those available in liquidation to all holders of Claims. Any other alternative would cause significant delay and uncertainty, as well as substantial administrative costs. If the Plan is not confirmed, the continuation of the bankruptcy proceeding is likely to have an immediate adverse impact, perhaps irreparable, on the Debtor's estate.

THUS, THE DEBTOR STRONGLY RECOMMENDS HOLDERS OF ALL CLAIMS VOTE TO ACCEPT THE PLAN. THE FOREGOING IS A BRIEF SUMMARY OF THE PLAN AND SHOULD NOT BE RELIED ON FOR VOTING PURPOSES. THE PLAN REPRESENTS A PROPOSED LEGALLY BINDING AGREEMENT BETWEEN THE DEBTOR AND ITS CREDITORS, AND SHOULD BE READ TOGETHER WITH THIS

DISCLOSURE STATEMENT IN ORDER THAT AN INTELLIGENT AND INFORMED JUDGMENT CONCERNING THE PLAN CAN BE MADE.

Dated: Harrison, New York
July 30, 2010

GERALD BURROW MCCULLOUCH

By: *__/s/Gerald Burrow McCullouch_____*
Gerald Burrow McCullouch

RATTET, PASTERNAK & GORDON OLIVER, LLP
Attorneys for the Debtor
550 Mamaroneck Avenue
Harrison, New York 10528
(914) 381-7400

By: *__/s/_Jonathan S. Pasternak_____*
Jonathan S. Pasternak