

SILVERMANACAMPORA LLP
Counsel to Kenneth P. Silverman, Esq.,
The Chapter 7 Trustee
100 Jericho Quadrangle, Suite 300
Jericho, New York 11753
(516) 479-6300
David J. Mahoney, Esq.
Robert J. Ansell, Esq.
Jessi L. Kleinman, Esq.

Hearing Date: May 15, 2014
Time: 1:30 p.m.

Objections Due: May 8, 2014
Time: 4:00 p.m.

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

-----X
In re:

Chapter 7
Case No.: 09-70660 (DTE)
Substantively Consolidated

AGAPE WORLD, INC.,
AGAPE MERCHANT ADVANCE LLC,
AGAPE COMMUNITY LLC, AGAPE
CONSTRUCTION MANAGEMENT LLC,
AGAPE WORLD BRIDGES LLC, AND
114 PARKWAY DRIVE SOUTH LLC,

Debtors.

-----X
KENNETH P. SILVERMAN, ESQ., as
Chapter 7 Trustee of Agape World, Inc., *et al.*,

Plaintiff,

Adv. Pro. No.: 12-08433 (DTE)

-against-

508 W. 25th PARTNERS LLC
and KYLE RANSFORD,

Defendants.
-----X

**NOTICE OF MOTION FOR AN ORDER UNDER
FEDERAL RULE OF BANKRUPTCY PROCEDURE 9019(a)
APPROVING THE STIPULATION SETTLING THE TRUSTEE'S
CLAIMS AGAINST 508 W. 25th PARTNERS LLC AND KYLE RANSFORD**

PLEASE TAKE NOTICE, that upon the motion (the "Motion") dated March 7, 2014, Kenneth P. Silverman, Esq., the chapter 7 trustee (the "Trustee") for the substantively consolidated estate of Agape World, Inc., *et al.*, by his counsel, SilvermanAcampora LLP, will move before the United States Bankruptcy Court for the Eastern District of New York, located at Courtroom 760 of the Alfonse M. D'Amato Federal Courthouse, 290 Federal Plaza, Central Islip, New York 11722 on **May 15, 2014 at 1:30 p.m.**, or as soon thereafter as counsel can be heard, seeking entry of an Order under Bankruptcy Rule 9019(a) Approving the Stipulation of Settlement (the "Stipulation") settling the Trustee's claims against 508 W. 25th Partners LLC

("508 W. 25th"), and Kyle Ransford ("Ransford," together with 508 W. 25th, the "Defendants"). A copy of the proposed Order is attached to the Motion as **Exhibit 1**.

PLEASE TAKE FURTHER NOTICE, that objections, if any, to the relief requested in the Motion or the proposed Order must be (i) made in writing; (ii) electronically filed with the Bankruptcy Court; (iii) delivered to Chambers for Courtroom 760 of the United States Bankruptcy Judge, United States Bankruptcy Court, Eastern District of New York, Alfonse M. D'Amato Federal Courthouse, 290 Federal Plaza, Central Islip, New York 11722; (iv) mailed to SilvermanAcampora LLP, 100 Jericho Quadrangle, Suite 300, Jericho, New York 11753, Attn: David J. Mahoney, Esq.; and (v) mailed to the Office of the United States Trustee, 560 Federal Plaza, Central Islip, New York 11722, no later than **May 8, 2014 at 4:00 p.m.**

PLEASE TAKE FURTHER NOTICE, that the hearing may be adjourned without further notice other than by announcement of such adjournment in open court.

Dated: Jericho, New York
March 7, 2014

SILVERMANACAMPORA LLP
Attorneys for Kenneth P. Silverman, Esq.,
The Chapter 7 Trustee

By: s/ David J. Mahoney
David J. Mahoney
Robert J. Ansell
Members of the Firm
100 Jericho Quadrangle, Suite 300
Jericho, New York 11753
(516) 479-6300

SILVERMANACAMPORA LLP

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100 Jericho Quadrangle, Suite 300
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**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK**

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In re:

Chapter 7
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AGAPE WORLD, INC.,
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KENNETH P. SILVERMAN, ESQ., as
Chapter 7 Trustee of Agape World, Inc., *et al.*,

Plaintiff,

Adv. Pro. No.: 12-08433 (DTE)

-against-

508 W. 25th PARTNERS LLC
and KYLE RANSFORD,

Defendants.
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**MOTION FOR AN ORDER UNDER
FEDERAL RULE OF BANKRUPTCY PROCEDURE 9019(a)
APPROVING THE STIPULATION SETTLING THE TRUSTEE'S
CLAIMS AGAINST 508 W. 25th PARTNERS LLC AND KYLE RANSFORD**

Kenneth P. Silverman, Esq., the chapter 7 trustee (the "Trustee") of the substantively consolidated estate of Agape World, Inc., *et al.*, by his attorneys SilvermanAcampora LLP, respectfully submits this motion (the "Motion") under 11 U.S.C. §105 and Federal Rules of Bankruptcy Procedure 9019(a) for entry of an Order (attached as **Exhibit 1**) approving the settlement of the Trustee's claims against 508 W. 25th Partners LLC ("508 W. 25th"), and Kyle Ransford ("Ransford," together with 508 W. 25th, the "Defendants") as memorialized in the

Stipulation of Settlement (the "Stipulation"), which is attached as **Exhibit 2**. All parties are encouraged to review the Stipulation in its entirety for the specific terms of the settlement.

Background

1. On February 5, 2009 (the "Petition Date"), an involuntary chapter 7 petition was filed by four petitioning creditors ("the Petitioning Creditors") pursuant to 11 U.S.C. §303(b), against Agape World, Inc. ("AWI"), in the United States Bankruptcy Court for the Eastern District of New York.

2. On February 9, 2008, the Petitioning Creditors filed a motion to appoint an interim chapter 7 trustee under 11 U.S.C. §303(g).

3. On February 12, 2009, the Court granted the Petitioning Creditors' motion and entered an order directing the United States Trustee's Office to immediately appoint an interim chapter 7 trustee in the AWI case.

4. On February 12, 2009, Kenneth P. Silverman, Esq., was appointed the interim trustee in the AWI case, and has since duly qualified and is now the permanent Trustee in the Debtor's substantively consolidated case.

5. On March 4, 2009, the Court issued an Order for relief in the AWI chapter 7 case.

6. On April 14, 2009, the Court issued an Order substantively consolidating AWI, Agape Merchant Advance LLC, Agape Community LLC, Agape Construction Management, LLC, Agape World Bridges LLC, and 114 Parkway Drive South LLC (collectively, "Agape" or the "Debtor").

7. On March 6, 2008, the Debtor made a mortgage loan to 508 W. 25th in the original principal amount of \$590,000.00.

8. On March 6, 2008, 508 W. 25th executed, acknowledged, and delivered a mortgage note to the Debtor in the principal amount of \$590,000.00 (the "Note").

9. 508 W. 25th defaulted pursuant to the terms of the Note because it failed to pay the amounts due under the Note when they became due and therefore owed the Debtor \$590,000.00 together with appropriate interest and other sums due thereon.

10. By separate agreement in writing dated on or about March 6, 2008, Ransford absolutely and unconditionally guaranteed the due payment and faithful performance of all obligations of 508 W. 25th to Agape arising under the Note (the "Guarantees").

11. Ransford also defaulted pursuant to the terms of the Guarantees because he failed to pay the amounts due under the Note when they became due and therefore owed the Debtor \$590,000.00 together with appropriate interest and other sums due thereon.

12. On December 7, 2012, the Trustee commenced this adversary proceeding against Defendants by the filing of a complaint (Adv. Pro. No. 13-08433) (the "Adversary Proceeding"), asserting that the Trustee is entitled to recover based upon the Note and Guarantees pursuant to 11 U.S.C. §§105 and New York common law (the "Trustee's Claims").

13. On February 22, 2013, Defendants filed an answer to the complaint asserting general denials and affirmative defenses.

14. Thereafter, the parties engaged in informal discovery related to the Trustee's Claims and the defenses asserted by Defendants.

15. Ransford provided certified financial disclosures demonstrating minimal assets, negative net income, and an inability to satisfy a potential judgment in full.

16. Ransford has offered to pay \$50,000.00 (the "Settlement Sum") to the Trustee in full and final settlement of the Trustee's Claims.¹

17. Based upon the Trustee's review of all documentation related to the Trustee's Claims and his investigation of all attendant factors, including the financial wherewithal of the Defendants, the Trustee has, in his business judgment, agreed to settle the Trustee's Claims.

18. For all the reasons set forth herein, the Trustee submits that accepting Ransford's offer to remit the Settlement Sum in full and final settlement of the Trustee's Claims is a reasonable exercise of the Trustee's business judgment and is in the best interest of the Debtor's estate.

Settlement

19. The Trustee has determined that settling this matter for the Settlement Sum is the most economical and efficient way to realize a meaningful recovery for the creditor's benefit without incurring additional legal fees and the risks inherent with prosecuting the Trustee's Claims and collecting on any resulting judgment efforts.

Basis for Relief Requested

20. Rule 9019(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") governs the approval of compromises and settlements, and provides as follows:

On motion by the trustee and after notice and a hearing, the court may approve a compromise or settlement. Notice shall be given to creditors, the United States trustee, the debtor, and indenture trustees as provided in Rule 2002 and to any other entity as the court may direct.

FED. R. BANKR. P. 9019(a).

¹ The Settlement Sum has been received by the Trustee and is in the "Estates Earnest Monies" account, pending the Court approval of the Stipulation.

21. In approving the compromise and settlement, the Court is required to make an "informed and independent judgment" as to whether the compromise and settlement is fair and equitable based on an:

[e]ducated estimate of the complexity, expense, and likely duration of such litigation, the possible difficulties of collecting on any judgment which might be obtained, and all other factors relevant to a full and fair assessment of the wisdom of the proposed compromise. Basic to this process in every instance, of course, is the need to compare the terms of the compromise with the likely rewards of litigation.²

22. In making its determination on the "propriety of the settlement", the Court should consider whether the proposed settlement is in the "best interest of the estate."³ As stated in *Arrow Air*, supra, the "approval of [a] proposed compromise and settlement is a matter of this Court's sound discretion."⁴ In passing upon a proposed settlement, "the bankruptcy court does not substitute its judgment for that of the trustee". *In re Depo*, 77 B.R. at 384 (citations omitted). The bankruptcy court is not required "to decide the numerous questions of law and fact raised by [objectors] [R]ather [the Court should] canvass the issues and see whether the settlement falls below the lowest point in the range of reasonableness."⁵ In passing upon the reasonableness of a proposed compromise, the Court "may give weight to the opinions of the Trustee, the parties and their counsel."

23. The Second Circuit in *In re Iridium Operating LLC*⁶ outlined the following seven factors (the "Iridium Criteria") to be considered by a court in deciding whether to approve a compromise or settlement:

- i. the balance between the litigation's possibility of success and the settlement's present and future benefits;

² *In re Iridium Operating LLC*, 478 F.3d 452, 462 n.15 (2d Cir. 2007) (quoting *Protective Committee for Independent Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424-425, reh'g denied, 391 U.S. 909 (1968)). See *In re Arrow Air, Inc.*, 85 B.R. 886, 891 (Bankr. S.D. Fla. 1988); *In re Bell & Beckwith*, 77 B.R. 606, 611 (Bankr. N.D. Ohio), *aff'd*, 87 B.R. 472 (N.D. Ohio 1987); *Cf. Magill v. Springfield Marine Bank (In re Heissinger Resources Ltd.)*, 67 B.R. 378, 383 (C.D. Ill. 1986) ("the law favors compromise").

³ *Handler v. Roth (In re Handler)*, 386 B.R. 411, 420 (Bankr. E.D.N.Y. 2007) (quoting *In re Adelpia Communications Corp.*, 327 B.R. 143, 158 (Bankr. S.D.N.Y. 2005)); *Depo v. Chase Lincoln First Bank, N.A. (In re Depo)*, 77 B.R. 381, 383 (N.D.N.Y. 1987), *aff'd*, 863 F.2d 45 (2d Cir. 1988).

⁴ *Arrow Air*, supra, 85 B.R. at 891.

⁵ *Bell & Beckwith*, 77 B.R. at 612; see also *In re Handler*, 386 B.R. at 421.

⁶ 478 F.3d 452, 462 (2d Cir. 2007).

- ii. the likelihood of complex and protracted litigation, with its attendant expense, inconvenience, and delay, including the difficulty in collecting on the judgment if the settlement is not approved;
- iii. the paramount interest of the creditors, including the proportion of class members who do not object to or who affirmatively support the settlement;
- iv. whether other parties in interest support the settlement;
- v. the competency and experience of the counsel who support the proposed settlement;
- vi. the relative benefits to be received by individuals or groups within the class; and
- vii. the extent to which the settlement is the product of arm's length bargaining.⁷

24. The parties are represented by competent and experienced counsel.

25. The Stipulation is a product of extensive arm's length bargaining and exceeds the lowest range of reasonableness consistent with the applicable law.

26. Based on the Trustee's review of certified financial disclosures produced by the parties, it is unlikely that further litigation would result in a greater net benefit to the estate than is to be realized by accepting the Settlement Sum.

27. The Trustee submits that considering the costs and uncertainties associated with trial, and the resulting litigation that would be necessary to enforce the judgment against Defendants, it is unlikely that further litigation would result in a "net benefit" to the Debtor's estate in excess of the Settlement Sum. In the Trustee's sound business judgment, the proposed settlement is both appropriate and warranted. The Trustee believes that the settlement is fair and equitable and in the best interest of the estate.

28. The Trustee does not anticipate that any of the Debtor's creditors will object to Stipulation or the relief requested in this Motion.

Notice

29. The Trustee has served the Notice of Motion, proposed Order, and Motion in support (with Exhibits) upon: (i) the Office of the United States Trustee; (ii) Nicholas Cosmo, Debtor's former principal; (iii) Defendants; (iv) Defendants' counsel; (v) the Internal Revenue Service and other governmental agencies to the extent required by the Bankruptcy Rules and

⁷ See *In re Iridium Operating LLC*, 478 F.3d at 462; See also *In re Handler*, 386 B.R. at 421.

the Local Rules; and (vi) all parties having filed a Notice of Appearance in this case, and copies have been posted on the Trustee's website located at www.agapeworldbankruptcy.com. The Trustee respectfully submits that the proposed service complies with this Court's Order Establishing Noticing Procedures entered on July 8, 2009 and is otherwise sufficient.

30. No previous application for the relief requested herein has been made to this or any other Court.

WHEREFORE, the Trustee respectfully requests that this Court grant this Motion approving the Stipulation and grant such other further and different relief as this Court deems just and proper.

Dated: Jericho, New York
March 7, 2014

SILVERMANACAMPORA LLP
Attorneys for Kenneth P. Silverman, Esq.,
The Chapter 7 Trustee

By: s/ David J. Mahoney
David J. Mahoney
Robert J. Ansell
Members of the Firm
100 Jericho Quadrangle, Suite 300
Jericho, New York 11753
(516) 479-6300

EXHIBIT 1

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

-----X
In re:

AGAPE WORLD, INC.,
AGAPE MERCHANT ADVANCE LLC,
AGAPE COMMUNITY LLC, AGAPE
CONSTRUCTION MANAGEMENT LLC,
AGAPE WORLD BRIDGES LLC, AND
114 PARKWAY DRIVE SOUTH LLC,

Debtors.

-----X
KENNETH P. SILVERMAN, ESQ., as
Chapter 7 Trustee of Agape World, Inc., *et al.*,

Plaintiff,

-against-

508 W. 25th PARTNERS LLC
And KYLE RANSFORD,

Defendants.
-----X

Chapter 7
Case No.: 09-70660 (DTE)
Substantively Consolidated

Adv. Pro. No.: 12-08433 (DTE)

**ORDER UNDER FEDERAL RULE OF
BANKRUPTCY PROCEDURE 9019(a) APPROVING
THE STIPULATION SETTLING THE TRUSTEE'S CLAIMS
AGAINST 508 W. 25th PARTNERS LLC AND KYLE RANSFORD**

Upon the Notice of Motion (the "Notice"), dated March 7, 2014, and related documents (collectively, the "Motion") of Kenneth P. Silverman, Esq., the chapter 7 trustee (the "Trustee") of the substantively consolidated estate of Agape World, Inc., *et al.*, by his counsel, SilvermanAcampora LLP, seeking the entry of an Order approving the Stipulation of Settlement (the "Stipulation") settling the Trustee's claims against 508 W. 25th Partners LLC and Kyle Ransford (collectively, the "Defendants") and upon the Affidavit of Service filed with the Court; and no objections to the Motion or the proposed Order having been filed; and the Court having found that settling the Trustee's claims arising under 11 U.S.C. §§105 and New York Common Law, is reasonable and in the best interest of the Debtors' estate; and sufficient cause having been shown therefor; and after due deliberation and consideration; and it appearing that

sufficient notice of the Motion and proposed Order has been given; and it appearing that good and sufficient cause exists for granting the Motion and proposed Order; and no additional notice being necessary or required:

NOW, THEREFORE, upon the Trustee's Notice and Motion and pursuant to Federal Rule of Bankruptcy Procedure 9019(a) and other applicable law, it is hereby

ORDERED, that service of the Notice and Motion and proposed Order, having been provided to: (i) the Office of the United States Trustee; (ii) Nicholas Cosmo, Debtor's former principal; (iii) Defendants; (iv) Defendants' counsel; (v) the Internal Revenue Service and other governmental agencies to the extent required by the Bankruptcy Rules and the Local Rules; and (vi) all parties having filed a Notice of Appearance in this case, and copies have been posted on the Trustee's website located at www.agapeworldbankruptcy.com complies with this Court's Order Establishing Noticing Procedures entered on July 8, 2009 and is otherwise sufficient; and it is further

ORDERED, that the Motion is granted, and it is further

ORDERED, that the settlement of the Trustee's Claims against Defendants as memorialized in the Stipulation, a copy of which is annexed to the Motion as "Exhibit 2," is approved, and it is further

ORDERED, that the Trustee is authorized to take such steps, execute such documents and expend such funds as may be reasonably necessary to implement the terms of this Order.

EXHIBIT 2

SILVERMANACAMPORA LLP
Attorneys for Kenneth P. Silverman, Esq.,
Chapter 7 Trustee
100 Jericho Quadrangle, Suite 300
Jericho, New York 11753
(516) 479-6300
David J. Mahoney, Esq.
Robert J. Ansell, Esq.

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

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In re:

AGAPE WORLD, INC.,
AGAPE MERCHANT ADVANCE LLC,
AGAPE COMMUNITY LLC, AGAPE
CONSTRUCTION MANAGEMENT LLC,
AGAPE WORLD BRIDGES LLC, AND
114 PARKWAY DRIVE SOUTH LLC,

Debtors.

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KENNETH P. SILVERMAN, ESQ., as
Chapter 7 Trustee of Agape World, Inc., *et al.*,

Plaintiff,

-against-

508 W. 25th PARTNERS LLC
And KYLE RANSFORD,

Defendants.
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Chapter 7
Case No.: 09-70660 (DTE)
Substantively Consolidated

Adv. Pro. No.: 12-08433 (DTE)

STIPULATION OF SETTLEMENT

Kenneth P. Silverman, Esq., the chapter 7 trustee (the "Trustee") of the substantively consolidated estates of Agape World, Inc., *et al.* ("Agape" or the "Debtor"), and plaintiff in the above-captioned adversary proceeding, and the above-captioned defendants 508 W. 25th Partners LLC ("508 W. 25th"), and Kyle Ransford ("Ransford," together with 508 W. 25th, the "Defendants" and, together with the Trustee, the "Parties" and each a "Party"), hereby stipulate and agree as follows (the "Stipulation"):

RECITALS

The Debtor's Bankruptcy Case

I. On February 5, 2009 (the "Filing Date"), an involuntary chapter 7 petition was filed by four petitioning creditors (the "Petitioning Creditors") pursuant to 11 U.S.C. §303(b), against Agape World, Inc. ("AWI"), in the United States Bankruptcy Court for the Eastern District of New York.

II. On February 9, 2009, the Petitioning Creditors filed a motion to appoint an interim chapter 7 trustee under 11 U.S.C. §303(g).

III. On February 12, 2009, the Court granted the Petitioning Creditors' motion and entered an order directing the United States Trustee's Office to immediately appoint an interim chapter 7 trustee in the AWI case.

IV. On February 12, 2009, Kenneth P. Silverman, Esq., was appointed the interim trustee in the AWI case, and has since duly qualified and is now the permanent Trustee in the Debtors' substantively consolidated case.

V. On March 4, 2009, the Court issued an Order for relief in the AWI chapter 7 case.

VI. On April 14, 2009, the Court issued an Order substantively consolidating AWI, Agape Merchant Advance LLC, Agape Community LLC, Agape Construction Management, LLC, Agape World Bridges LLC, and 114 Parkway Drive South LLC.

Background Facts

The following statements in this "Background Facts" section are known to be true by the Trustee and believed by Defendants to be true based upon information provided to them:

VII. Since at least 1999, Agape was purportedly operating as a bridge lender, whereby investors were advised that Agape provided short-term bridge loans to commercial borrowers in order to generate high rates of return.

VIII. Prior to the Filing Date, various "brokers" and "sub-brokers" of Agape, recruited third-parties to invest money with the Debtor.

IX. The Debtor, and the various "brokers" and/or "sub-brokers" offered contracts to various third-parties to induce those third-party "investors" to "invest" in the purported bridge loans.

X. Pursuant to the terms of the various contracts entered into between the Debtor and the purported investors, those investors were permitted to receive payments from their purported investments in the form of "interest payments" or, alternatively, the purported investors were permitted to "roll-over" their investments to a future bridge loan offered.

XI. The representations to investors were, in large measure, false.

XII. Rather than utilizing all of the third-party funds to invest in bridge loans, the majority of the investor funds were, among other things, (i) utilized to pay prior investors their promised rate of interest or to provide a return of their investment, (ii) squandered in connection with undisclosed and unauthorized commodity futures trading, and/or (iii) transferred to Agape's alter-egos.

Trustee's Claims Against Defendants

XIII. On March 6, 2008, the Debtor made a mortgage loan to 508 W. 25th in the original principal amount of \$590,000.00.

XIV. On March 6, 2008, 508 W. 25th executed, acknowledged, and delivered a mortgage note to the Debtor in the principal amount of \$590,000.00 (the "Note").

XV. The Debtor is the owner and holder of the Note.

XVI. The Debtor has fully complied with all of its obligations arising under the Note.

XVII. Pursuant to the terms of the Note, 508 W. 25th was required to pay interest only monthly payments of \$6,883.33 from April 12, 2008 through February 12, 2008.

XVIII. Pursuant to the terms of the Note, 508 W. 25th was required to repay the entire unpaid principal balance, together with all accrued and unpaid interest, on March 12, 2009.

XIX. 508 W. 25th defaulted pursuant to the terms of the Note because it failed to pay the amounts due under the Note when they became due and therefore owes the Debtor \$590,000.00 together with appropriate interest and other sums due thereon.

XX. By separate agreement in writing dated on or about March 6, 2008, Ransford absolutely and unconditionally guaranteed the due payment and faithful performance of all obligations of 508 W. 25th to Agape arising under the Note (the "Guarantee").

XXI. Ransford defaulted pursuant to the terms of the Guarantee because he failed to pay the amounts due under the Note when they became due and therefore owe the Debtor \$590,000.00 together with appropriate interest and other sums due thereon (collectively, with the claim in XX, the "Trustee's Claims").

XXII. With respect to the claims in I – XXII above asserted by the Trustee as against the Defendants, the Defendants have denied the material allegations and asserted affirmative defenses.

The Instant Proceeding

XXIII. On December 7, 2012, the Trustee commenced an adversary proceeding (the "Adversary Proceeding") against Defendants by filing a complaint seeking to recover \$590,000.00, together with appropriate interest thereon, based upon the Defendants alleged defaults under the Note and Guarantee.

XXIV. On February 22, 2013, Defendants filed an answer to the complaint asserting general denials and affirmative defenses.

XXV. Thereafter, the Parties engaged in informal discovery related to the Trustee's Claims and defenses asserted by Defendants.

XXVI. Ransford provided certified financial disclosures demonstrating minimal assets, negative net income, and an inability to satisfy a potential judgment in full.

XXVII. In the spirit of compromise and without any admission of liability, Ransford has offered to remit the sum of Fifty Thousand and 00/100 Dollars (\$50,000.00) (the "Settlement Sum")

XXVIII. The Parties have agreed to settle the Adversary Proceeding without any admission of liability for the claims alleged and without incurring further expenses and avoiding the uncertainty of litigation.

XXIX. The Trustee believes that settling the Adversary Proceeding upon the terms and conditions set forth in this Stipulation is fair and reasonable and in the best interests of the Debtor's estate.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and among the parties hereto, that the Adversary Proceeding be settled upon the terms and conditions set forth herein as follows:

Approval of the Stipulation

1. This stipulation is subject to: (i) approval of the United States Bankruptcy Court for the Eastern District of New York (the "Bankruptcy Court") pursuant to Federal Rule of Bankruptcy Procedure 9019 (the "Approval Order").
2. Upon the execution of this Stipulation, Ransford shall remit the Settlement Sum to "Kenneth P. Silverman, Esq., as Chapter 7 Trustee," by delivering a check to Trustee's counsel at SilvermanAcampora LLP, 100 Jericho Quadrangle, Suite 300, Jericho, New York, 11753, Attn: David J. Mahoney, Esq.
3. The Settlement Sum shall be held in the Trustee's segregated "Earnest Monies" account until the Approval Order becomes final and non-appealable under 28 U.S.C. §158(c)(2) and Bankruptcy Rule 8002.
4. Once the Approval Order becomes final and non-appealable, on the fourteenth day after the date of the entry of the Approval Order, Trustee's counsel shall transfer all settlement funds being held in the "Earnest Monies" account into the Debtor's estate account. If

the Bankruptcy Court denies entry of the Approval Order, then Trustee's counsel will return the Settlement Sum, being held in escrow to Ransford without undue delay, this Stipulation will be null and void, and none of the terms herein shall be usable as evidence by either party.

Releases

5. Upon the Approval Order becoming final and non-appealable, the Adversary Proceeding shall be dismissed.

6. Upon the Approval Order becoming final and non-appealable, and the Trustee's receipt and clearance of the Settlement Sum, the Trustee and the Debtor's estate release and forever discharge Defendants, their affiliated entities, agents, representatives, attorneys, assigns, and successors-in-interest from any and all claims, claims for relief, demands, costs, expenses, damages, liabilities, and obligations of any nature arising out of or relating to the Trustee's Claims. For purposes of clarification, nothing contained herein shall be construed to be a release by the Trustee of any claims that the Trustee may have or subsequently discover under 11 U.S.C. §550(a)(2) and the Trustee is specifically not releasing any claims under 11 U.S.C. §550(a)(2).

7. Upon the execution of this Stipulation, Defendants release, discharge, and waive any and all claims against the Debtor's estate, the Trustee, and the Trustee's agents, attorneys, assigns, and successors-in-interest from any and all claims, proofs of claim, claims for relief, demands, costs, expenses, damages, liabilities, and obligations of any nature.

No Admission

8. It is understood and agreed that this Stipulation is entered into to avoid costly and protracted litigation. Neither the execution of this Stipulation, nor the payment of the Settlement Sum shall be construed as an admission on Defendants' part.

Miscellaneous

9. This Stipulation may be executed in one or more counterparts, with each part being deemed a part of the original document, and facsimile or other electronic signatures shall be deemed an original signature.

10. The person executing this Stipulation on behalf of each respective party warrants and represents that she or he is authorized and empowered to execute and deliver this Stipulation on behalf of such party.

11. This Stipulation may not be altered, modified, or changed unless in writing, signed by the parties or their counsel.

12. This Stipulation shall be deemed to have been drafted by all parties hereto to remove any negative inference against the drafter hereof.

13. The Bankruptcy Court shall retain exclusive jurisdiction over the subject matter of this Stipulation, including but not limited to its enforcement and the implementation and interpretation of its terms and conditions.

14. This Stipulation shall be governed by the laws of the State of New York, except with respect to matters as to which federal law is applicable without regard to any conflicts of law principles.

15. The Trustee and Defendants are each responsible for their own costs and attorneys' fees incurred in connection with this proceeding.

[one signature page to follow]

Dated: Jericho, New York
February __, 2014

SILVERMANACAMPORA LLP
Attorneys for Kenneth P. Silverman, Esq.,
The Chapter 7 Trustee

By: s/ David J. Mahoney
David J. Mahoney, Esq.
100 Jericho Quadrangle, Suite 300
Jericho, New York 11753
(516) 479-6300

Dated: New York, New York
February 11, 2014

WACHTEL MISSRY LLP
Attorneys for Defendants 508 W. 25th
Partners LLC and Kyle Ransford

By: s/ Steven J. Cohen
Steven J. Cohen, Esq.
One Dag Hammarskjold Plaza
885 Second Avenue
New York, New York 10017
(212) 909-9500

Dated: _____, New York
February 2, 2014

508 W. 25th Partners LLC

By: s/ Kyle Ransford
Name: Kyle Ransford
Title: Manager

Dated: _____, New York
February 2, 2014

s/ Kyle Ransford
Kyle Ransford