

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

Hearing Date: April 10, 2012
Time: 10:00 a.m.

Objections Due: April 3, 2012
Time: 5:00 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.: 10-08208 (DTE)

-against-

EUGENE BEILIS,
BEILIS DEVELOPMENT LLC,
BEILIS DEVELOPMENT INC., and
ALASKA TRUST COMPANY,

Defendants.
-----X

**NOTICE OF TRUSTEE'S MOTION UNDER
BANKRUPTCY RULE 9019(a) FOR ENTRY OF AN ORDER APPROVING
A STIPULATION SETTLING THE TRUSTEE'S CLAIMS AGAINST DEFENDANTS**

PLEASE TAKE NOTICE, that upon the motion dated March 8, 2012 of 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, the Trustee will move this Court before the Honorable Dorothy T. Eisenberg, United States Bankruptcy Judge, in Courtroom 760, at the Alfonse M. D'Amato United States Bankruptcy Courthouse, located at

290 Federal Plaza, Room 760, Central Islip, New York 11722, on **April 10, 2012 at 10:00 a.m.** (the "Hearing"), or as soon thereafter as counsel can be heard, for an Order Approving a Stipulation Settling the Trustee's Claims Against Defendants, and for such other and further relief as is just and proper. A copy of the proposed Order is attached to the Motion as **Exhibit 1**. A copy of the Stipulation memorializing the Trustee's proposed settlement is attached to the Motion as **Exhibit 2**.

PLEASE TAKE FURTHER NOTICE, that answering papers, if any, must be (I) made in writing; (II) electronically filed with the Court; (III) mailed to Chambers of the Honorable Dorothy T. Eisenberg, United States Bankruptcy Judge, Alfonse M. D'Amato United States Bankruptcy Courthouse, located at 290 Federal Plaza, Courtroom 760, Central Islip, New York 11722; (IV) mailed to Silverman Acampora 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, 290 Federal Plaza, Central Islip, New York 11722, so as to be actually received no later than **April 3, 2012 at 5:00 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 8, 2012

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

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

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

Hearing Date: April 10, 2012
Time: 10:00 a.m.

Objections Due: April 3, 2012
Time: 5:00 p.m.

**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.

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

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

Plaintiff,

Adv. Pro. No. 10-08208 (DTE)

-against-

EUGENE BEILIS,
BEILIS DEVELOPMENT LLC,
BEILIS DEVELOPMENT INC., and
ALASKA TRUST COMPANY,

Defendants.
-----X

**TRUSTEE'S MOTION PURSUANT TO
FEDERAL RULE OF BANKRUPTCY PROCEDURE 9019
FOR AN ORDER APPROVING THE STIPULATION RESOLVING
CLAIMS AGAINST DEFENDANTS AND PROVIDING FOR RELATED RELIEF**

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, seeking an Order approving the stipulation of settlement by and between the Trustee and Eugene Beilis ("Beilis"), Beilis Development LLC ("Beilis LLC"), Beilis Development Inc. ("Beilis Inc.") and Alaska Trust Company ("Alaska Trust" together with Beilis, Beilis LLC and Beilis Inc.,

collectively, the “Defendants”), respectfully submits this motion (the “Motion”) under 11 U.S.C. §105 and Fed. R. Bankr. P. 9019 for an Order, annexed hereto as **Exhibit 1**, approving the stipulation of settlement annexed hereto (the “Stipulation”) that resolves claims against the Defendants. All parties are encouraged to review the Stipulation in its entirety for the specific terms of the settlement. A copy of the Stipulation is annexed hereto as **Exhibit 2**.

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 Debtors’ 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 June 3, 2010, the Trustee commenced an adversary proceeding against the Defendants (the “Adversary Proceeding”) by the filing and service of a summons and complaint under Adv. Pro. No. 10-08208(DTE), seeking, among other things, the return of monies paid by

Agape to the Defendants (the “Trustee’s Claims”) in connection with what Agape’s former C.E.O., and 100% shareholder, Nicholas Cosmo, has admitted to be a Ponzi type scheme.

8. In the Complaint, the Trustee asserted that between February 5, 2003 and the Petition Date, Beilis received transfers from Agape in an amount to be determined at trial, but in no event less than \$12,388,999.00 (the “Eugene Beilis Transfers”).

9. Additionally, in the Complaint, the Trustee asserted that between February 5, 2003 and the Petition Date, Beilis Development received transfers, in an amount to be determined at trial but in no event less than \$8,891,665.00 (the “Beilis Development Transfers” together with the Eugene Beilis Transfers, collectively, the “Transfers”).

10. The Trustee, Defendants, Beilis’ wife, Yelena Gadeyeva (“Gadeyeva”) and her company, YB Management, LLC (“YB Management”), through their respective undersigned counsel, have engaged in extensive settlement discussions to consensually resolve the Adversary Proceeding. In an effort to avoid the costs, expenses and uncertainty of continued litigation of the Trustee’s Claims and any related efforts to enforce a potential judgment against Defendants, the Trustee, Defendants, Gadeyeva and YB Management have now agreed to resolve the issues related to the Transfers upon the terms and conditions contained in the Stipulation.

11. Defendants, Gadeyeva and YB Management have offered to pay, and the Trustee has agreed to accept \$3,300,000.00 (the “Settlement Sum”), plus a waiver of all claims by the Defendants in settlement of the Trustee’s Claims.

Settlement

12. The Trustee has determined that settling Trustee’s Claims and any related claims that the Trustee might have against Gadeyeva and YB Management to recover a portion of the Transfers under 11 U.S.C. §550(a)(2) in exchange for the voluntary return of the Settlement Sum is in the best interests of the Debtor’s estate. The proposed settlement provides the most economical and efficient way to realize a meaningful and beneficial recovery for the benefit of

creditors without the need to incur legal fees and risks inherent with the prosecution of the Trustee's Claims and any resulting judgment efforts.

13. Indeed, after consultation with his retained professionals and in the exercise of his business judgment, the Trustee has determined that the voluntary return of the Settlement Sum outweighs the potential net recovery to the estate if the Trustee elected to prosecute the Trustee's Claims through trial and enforce a resulting judgment against the Defendants, Gadeyeva and/or YB Management.

14. In light of the foregoing and mindful of the costs and risks of litigating the Trustee's Claim, the Trustee has agreed to accept the Settlement Sum.

Basis for Relief Requested

15. Fed. R. Bankr. P. 9019(a), which governs the approval of compromises and settlement, provides:

(a) Compromise. On motion by the trustee and after notice and 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.

16. In approving a compromise and settlement, the Bankruptcy 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 [any] 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.

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 *American Can Co. v. Herpel (In re Jackson Brewing Co.)*, 624 F.2d 605, 607 (5th Cir. 1980); *Chopin Assoc. v. Smith (In re Holywell Corp.)*, 93 B.R. 291, 294 (Bankr.S.D.Fla. 1988); *In re Arrow Air, Inc.*, 85 B.R. 886, 891 (Bankr. S.D. Fla. 1988); *In re Bell & Beckwith*, 77 B.R. 628, 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").

17. In making its determination, the Court should consider whether the proposed compromise is in the "best interest of the estate". *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). As stated in *Arrow Air*, the "approval of [a] proposed compromise and settlement is a matter of this Court's sound discretion." *Arrow Air*, 85 B.R. at 891. In passing upon a proposed settlement, "the bankruptcy court does not substitute its judgment for that of the Trustee [or debtor in possession]". *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." *Cosoff v. Rodman (In re W.T. Grant Co.)*, 699 F.2d 599, 608 (2d Cir.), *cert denied*, 464 U.S. 822 (1983) (*quoting Newman v. Stein*, 464 F.2d 689, 693 (2d Cir.), *cert denied*, 409 U.S. 1039 (1972)). See *Holywell* 93 B.R. at 294. ("In order to exercise this discretion properly, the Court must consider all the relevant facts and evaluate whether the compromise suggested falls below the 'lowest point in the range of reasonableness'" (*quoting In re Teltronics Services, Inc.*, 762 F.2d 185, 189 (2d Cir. 1985)). In passing upon the reasonableness of a proposed compromise, the Court "may give weight to the opinions of the Trustee [or debtor in possession], the parties and their counsel." *Bell & Beckwith*, 77 B.R. at 512.

18. The factors to be considered by the Court in determining whether to approve a compromise or settlement include (a) probability of success in the litigation, with due consideration for the uncertainty in fact and law, (b) the complexity and likely duration of the litigation and any attendant expense, inconvenience and delay, and (c) all other factors bearing on the wisdom of the compromise. *Arrow Air*, 85 B.R. at 891 (*citing TMT Trailer Ferry*, 390 U.S. at 424-25). See *Jackson Brewing Co.*, 624 F.2d at 507; *Holywell Corp.*, 93 B.R. at 294-95 (citations omitted).

19. Here, the Defendants have raised triable issues of fact related to whether Defendants provided fair consideration or reasonably equivalent value in exchange for the Transfers, and if they did, what portion of the Transfers would be excepted from avoidance. The factual issue of fair consideration would ultimately focus on whether the Trustee would be able to prove at trial that Defendants were “insiders” of Agape under 11 U.S.C. §101(31). If Defendants are ultimately successful in demonstrating that they provided fair consideration to Agape, in the form of deposits totaling more than \$15.5 Million, the Trustee believes that the “net benefit” that Defendants received from Agape would be no more than \$5,771,589.61 (the “Net Transfers”).

20. Additionally, Defendants have provided certified financial disclosures demonstrating that the Trustee might not recover more than the Settlement Sum if he attempted to enforce a potential judgment against Defendants in the amount of the Net Transfers.

21. Moreover, although the Trustee believes that he would have *prima facie* claims to recover over \$4 Million from Alaska Trust, Gadeyeva and YB Management (the “Subsequent Transferees”) under 11 U.S.C. §550(a)(2), the Subsequent Transferees have raised potentially meritorious affirmative defenses to those claims under 11 U.S.C. §550(b).

22. The Settlement Sum provides the Debtor’s estate with a net benefit without incurring further litigation expense. If the Trustee were to litigate The Trustee’s Claims through trial and thereafter pursue claims against the Subsequent Transferees, the uncertainty and costs necessarily associated with that litigation could result in a net recovery of less than the Settlement Sum. In the sound business judgment of the Trustee, a settlement is both appropriate and warranted. The Trustee believes that the Settlement is fair and equitable and in the best interest of the estate.

Notice of Motion

23. 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, the former principal of the Debtor, (iii) the Defendants, Gadeyeva and YB Management through their undersigned counsel (iv) the taxing authorities, and (v) pursuant to the Court's July 8, 2009 Order Establishing Noticing Procedures, 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.

24. 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 application authorizing and approving the Stipulation and grant such other further and different relief as this Court deems just and proper.

Dated: Jericho, New York
March 8, 2012

SILVERMANACAMPORA LLP
Attorneys for Kenneth P. Silverman, Esq.,
the chapter 7 trustee

By: s/ David J. Mahoney
David J. Mahoney
A Member 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-

EUGENE BEILIS,
BEILIS DEVELOPMENT LLC,
BEILIS DEVELOPMENT INC., and
ALASKA TRUST COMPANY,

Defendants.
-----X

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

Adv. Pro. No.: 10-08208 (DTE)

**ORDER (I) GRANTING THE
TRUSTEE'S MOTION UNDER BANKRUPTCY
RULE 9019, (II) APPROVING THE STIPULATION RESOLVING
CLAIMS AGAINST DEFENDANTS AND (III) GRANTING RELATED RELIEF**

Upon the Notice of Motion (the "Notice"), dated March 8, 2012, and related motion (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.* (the "Debtors"), by his counsel, SilvermanAcampora LLP, seeking the entry of an Order approving a Stipulation (the "Stipulation") Settling the Trustee's Claims against Eugene Beilis, Beilis Development LLC, Beilis Development Inc., and Alaska Trust Company (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 upon the hearing conducted by the Court on April 10, 2012 (the transcript of which is incorporated herein), and the Court having found that the settlement of the Trustee's

claims pursuant to 11 U.S.C. §§547, 548, 550 and 551, New York Debtor and Creditor Law §§273, 274, 275, 276 and 276-a (the "Trustee's Claims") against Defendants to be fair, reasonable and in the best interest of the Debtors' estate; and the Court having found that service of the Notice, Motion with exhibit and proposed Order is sufficient cause having been shown therefore; and no additional notice being necessary or required:

NOW, THEREFORE, upon the Notice and Motion of the Trustee 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, former principal of the Debtors, (iii) criminal counsel to Nicholas Cosmo, (iv) Defendant, (v) the appropriate taxing authorities, 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 is approved; and it is further

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

SO ORDERED:

EXHIBIT 2

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK
AT CENTRAL ISLIP

-----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-

EUGENE BEILIS,
BEILIS DEVELOPMENT LLC,
BEILIS DEVELOPMENT INC., and
ALASKA TRUST COMPANY,

Defendants.
-----X

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

Adv. Pro. No. 10-08208 (DTE)

**STIPULATION SETTLING THE
TRUSTEE'S CLAIMS AGAINST DEFENDANTS**

I. 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.

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 (collectively, the "Debtors" or "Agape").

VII. The Trustee and his counsel have investigated the financial affairs of the Debtors, including a detailed analysis of the extent and validity of certain transfers made by the Debtors to Eugene Beilis ("Beilis"), Beilis Development LLC ("Beilis LLC"), Beilis Development Inc. ("Beilis Inc." and collectively with Beilis LLC, "Beilis Development") and Alaska Trust Company ("Alaska Trust" together with Beilis, Beilis LLC and Beilis Inc., collectively, the "Defendants").

VIII. On June 3, 2010, the Trustee commenced this adversary proceeding against Defendants by the filing of a complaint (the "Complaint"), wherein the Trustee asserted that certain transfers made by the Debtors to the Defendants are avoidable pursuant to 11 U.S.C. §§547, 548, 550 and 551, New York Debtor and Creditor Law §§273, 274, 275, 276 and 276-a (the "Trustee's Claims").

IX. In the Complaint, the Trustee asserted that between February 5, 2003 and the Petition Date, Beilis received transfers from Agape in an amount to be determined at trial, but in no event less than \$12,388,999.00 (the "Eugene Beilis Transfers").

X. In the Complaint, the Trustee asserted that between February 5, 2003 and the Petition Date, Beilis Development received transfers, in an amount to be determined at trial but in no event less than \$8,891,665.00 (the "Beilis Development Transfers" together with the Eugene Beilis Transfers, collectively, the "Transfers").

XI. Thereafter, Defendants retained their undersigned counsel to defend against the Trustee's Claims.

XII. The parties engaged in informal discovery related to the Claims and the defenses asserted by Defendants. In connection with the informal discovery exchanged between the parties, the Trustee and his counsel investigated the financial affairs of Beilis' wife, Yelena Gadayeva, including a detailed analysis of the extent and validity of certain transfers she received from certain Defendants.

XIII. In an effort to avoid the costs, expenses and uncertainty of continued litigation and judgment enforcement, the parties have now agreed to resolve the Trustee's Claims upon the terms and conditions contained herein.

XIV. In the spirit of compromise, Defendants have offered to remit the sum of \$3,300,000.00 (the "Settlement Sum") to the Trustee in full and final settlement of the Claims.

XV. Defendants' offer to remit the Settlement Sum is not intended and should not be construed as an admission of liability. The proposed Settlement Sum represents the return of fictitious profits paid by the Debtors to Defendants, over and above the Debtor's return of principal invested by Beilis and Beilis Development with the Debtors.

XVI. Based upon his review of all documentation related to the Transfers, the Defendants' financial status, and his investigation of all attendant factors, the Trustee has, in his business judgment, agreed to settle the Trustee's Claims upon the following terms and conditions, which the Trustee believes are fair and reasonable, especially in light of the costs and uncertainty associated with litigation.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and among the parties hereto, that the Trustee's Claims be resolved upon the terms and conditions set forth herein as follows:

Defendant's Obligation to Pay the Settlement Sum

1. This Stipulation (the "Stipulation") is subject to the approval of the United States Bankruptcy Court for the Eastern District of New York (the "Approval Order"). Upon receipt of the executed Stipulation, the Trustee will move the Bankruptcy Court for entry of the Approval Order pursuant to Bankruptcy Rule 9019.

2. Upon execution of the Stipulation, Defendants will deposit the sum of \$300,000.00 (the "Escrow Payment") with LaMonica, Herbst & Maniscalco, LLP ("LHM LLP") to be held in escrow for the benefit of the Trustee pursuant to an escrow agreement with LHM LLP, until such time as the Approval Order becomes final and non-appealable under 28 U.S.C. §158(c)(2) and Bankruptcy Rule 8002.

3. LHM LLP agrees that within one (1) day of receiving the Escrow Payment, LHM LLP will provide written confirmation of receipt to the Trustee.

4. Upon the Approval Order becoming final and non-appealable under 28 U.S.C. §158(c)(2) and Bankruptcy Rule 8002, the fourteenth (14th) day after the date of the entry of the Approval Order, LHM LLP will transfer the Escrow Payment to the Trustee to be deposited into the Debtors' estate account. If, and only if, the Bankruptcy Court denies the entry of the Approval Order, LHM LLP will return the Settlement Sum to Defendants without undue delay.

5. In the event that the Approval Order is entered prior to April 9, 2012, Defendants shall (i) within seven (7) days of the Approval Order becoming final and non-appealable under 28 U.S.C. §158(c)(2) and Bankruptcy Rule 8002, remit a second installment of \$200,000.00 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, Attention: Randy J. Schaefer, Esq., and (ii) on or before April 30, 2012, remit a final payment of \$2,800,000.00 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, Attention: Randy J. Schaefer, Esq.

6. In the event that the Approval Order is entered on or after April 10, 2012, Defendants shall, within seven (7) days of the Approval Order becoming final and non-appealable under 28 U.S.C. §158(c)(2) and Bankruptcy Rule 8002, remit the balance of the Settlement Sum, in the amount of \$3,000,000.00, 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, Attention: Randy J. Schaefer, Esq.

7. If Defendants fail to make timely payment of any installment of the Settlement Sum in accordance with paragraphs 2 and either 5 or 6, above, or if either of Defendants' payments are dishonored for any reason whatsoever and Defendants do not cure such default within ten (10) business days after written notice sent by Federal Express or other reputable overnight courier to Defendants and Defendants' counsel at the addresses set forth herein, then the Trustee shall be entitled to move before the Bankruptcy Court, without further notice and upon the affidavit by the Trustee attesting to the default (a) for the entry of a judgment against Defendants for Six Million Six Hundred Thousand And 00/100 (\$6,600,000.00) Dollars, plus costs, less any sums previously paid as provided herein, and (b) for any further relief necessary to enforce his rights under this Stipulation. Written notice of default shall be sent by Federal Express or other reputable overnight courier to:

- (i) Eugene Beilis at 2 Andrea SE Street, Staten Island, New York 10305;
- (ii) Beilis Development, Inc., and Beilis Development, LLC at 20-21 Wagaraw Road, Building 31B, Fair Lawn, New Jersey 07410 (Attn: Eugene Beilis);
- (iii) Alaska Trust Company at 1029 West 3rd Avenue, Suite 400, Anchorage, Alaska 99501;
- (iv) Beilis and Beilis Developments' counsel at (i) Meyer Suozzi English & Klein, P.C., 990 Stewart Avenue, Suite 300, Garden City, New York 11530 (Attn: Alan E. Marder, Esq.); and (ii) Lampf, Lipkind, Prupis & Petigrow, 80 Main Street, Suite 350, West Orange, New Jersey 07052 (Attn: William D. Lipkind, Esq.);

- (v) Alaska Trust Company's counsel at 1925 Williamsbridge Road, Bronx, New York 10461 (Attn: Leonard C Aloï, Esq.); and
- (vi) Yelena Gadayeva's counsel, LaMonica Herbst & Maniscalco, LLP, at 3305 Jerusalem Avenue, Wantagh, New York 11793 (Attn: Salvatore LaMonica, Esq.)

8. If the Court does not enter the Approval Order, this Stipulation will be null and void and none of the terms herein shall be usable as evidence by either party.

Releases

9. Upon the entry of the Approval Order, and the Trustee's receipt and clearance of the full Settlement Sum, the Trustee and the Debtors' substantively consolidated estate, on behalf of themselves and Debtors' former and current parents, subsidiaries, affiliates, assigns, successors, predecessors, representatives and their respective attorneys and any other persons or entities claiming through them, do hereby fully and forever give up, waive, release, extinguish and forever discharge the Defendants and Yelena Gadayeva, YB Management, LLC and their undersigned attorneys from any and all joint or individual claims, actions, counterclaims, complaints, causes of action, debts, costs, rights of any kind, losses, expenses (including attorneys' fees), joint tortfeasors claims of any kind, demands or suits, at law or in equity or otherwise, whether known or unknown, from the beginning of the world and up to the present date, including, but not limited to, the Trustee's Claims and any/all claims that could have been asserted in the Complaint.

10. Upon the entry of the Approval Order, and the Trustee's receipt and clearance of the full Settlement Sum, the Trustee and the Debtors' substantively consolidated estate, on behalf of themselves and Debtors' former and current parents, subsidiaries, affiliates, assigns, successors, predecessors, representatives and their respective attorneys and any other persons or entities claiming through them, do hereby fully and forever give up, waive, release, extinguish and forever discharge the Defendants' and Yelena Gadayeva's former and current parents, subsidiaries, affiliates, assigns, successors, predecessors, representatives, employees,

members, partners, officers, directors, board, and their respective attorneys from any and all joint or individual claims, actions, counterclaims, complaints, causes of action, debts, costs, rights of any kind, losses, expenses (including attorneys' fees), joint tortfeasors claims of any kind, demands or suits, at law or in equity or otherwise that relate to the Trustee's Claims or the Transfers.

11. The Trustee warrants and represents that it has not assigned or otherwise transferred any claim or cause of action released in paragraphs 9 and 10. However no provision in this stipulation is intended or may be construed as a waiver of the Trustee's right to object to any proof of claim against the Debtors' substantively consolidated estate.

12. Defendants, Yelena Gadayeva and YB Management, LLC, on behalf of themselves and their former and current parents, subsidiaries, affiliates, assigns, successors, predecessors, representatives and their respective attorneys and any other persons or entities claiming through them, do hereby fully and forever give up, waive, release, extinguish and forever discharge the Trustee, his retained professionals and the Debtors' substantively consolidated estate from any and all joint or individual claims, actions, counterclaims, complaints, causes of action, debts, costs, rights of any kind, losses, expenses (including attorneys' fees), joint tortfeasors claims of any kind, demands or suits, at law or in equity or otherwise, whether known or unknown, from the beginning of the world and up to the present date.

13. Defendants, Yelena Gadayeva and YB Management, LLC each warrant and represent that they have not assigned or otherwise transferred any claim or cause of action released in paragraph 12.

No Admission

14. 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' or Yelena Gadayeva's part.

For clarification, this paragraph is not intended and shall not be deemed to affect Defendants' obligation to make timely payment of the Settlement Sum or adversely affect the Trustee's rights and remedies under paragraph 7 in the event that Defendants fail to make timely payment of the Settlement Sum.

Miscellaneous

15. 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.

16. 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.

17. 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.

18. 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.

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

19a. All sums/monies paid pursuant to this Stipulation are to be paid by all of the Defendants except Alaska Trust Company. Alaska Trust Company is paying nothing toward the settlement.

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

Dated: Jericho, New York
March 8, 2012

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

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

Dated: Garden City, New York
March 8, 2012

MEYER SUOZZI ENGLISH & KLEIN, LLP
Attorneys for Eugene Beilis, Beilis
Development, Inc., and Beilis
Development LLC

By: s/Alan E. Marder
Alan E. Marder, Esq.
990 Stewart Avenue, Suite 300
Garden City, New York 11530
(516) 741-6565

Date: Bronx, New York
March 8, 2012

LEONARD C. ALOI, ESQ.
Attorneys for Alaska Trust Co.

By: s/Leonard C. Aloï
Leonard C Aloï, Esq.
1925 Williamsbridge Road
Bronx, New York 10461
(718) 931-1888

Date: Wantagh, New York
March 8, 2012

LAMONICA HERBST & MANISCALCO, LLP
Counsel to Yelena Gadeyeva & YB Mgmt.,
LLC and Proposed Escrow Agent

By: s/Salvatore LaMonica
Salvatore LaMonica, Esq.
3305 Jerusalem Avenue
Wantagh, New York 11793
(516) 826-6500