

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.
Robert J. Ansell, Esq.

Presentment Date: September 5, 2012
Time: 9:00 a.m.

Objections Due: August 31, 2012
Time: 4:00 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.

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

Plaintiff,

-against-

LYNNE ESPOSITO and PATRICK ESPOSITO,

Defendants.
-----X

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

Adv. Pro. No.: 11-08661 (AST)

**NOTICE OF PRESENTMENT OF
PROPOSED ORDER UNDER BANKRUPTCY
RULE 9019(a) APPROVING A STIPULATION SETTLING THE
TRUSTEE'S CLAIMS AGAINST LYNNE ESPOSITO AND PATRICK ESPOSITO**

PLEASE TAKE NOTICE, that upon the application (the "Motion") of 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, the Trustee will present a proposed order before the Honorable Alan S. Trust, United States Bankruptcy Court for the Eastern District of New York, in his courtroom 960, located at Long Island Federal Courthouse, 290 Federal Plaza, Central Islip, New York 11722 on **September 5, 2012 at 9:00 a.m.**, seeking

approval of the stipulation settling the Trustee's claims against Lynne Esposito and Patrick Esposito (the "Defendants"). A copy of the proposed Order is annexed hereto.

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 of the Honorable Alan S. Trust, United States Bankruptcy Judge, United States Bankruptcy Court, Courtroom 960, Eastern District of New York, Long Island 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 **August 31, 2012 at 4:00 p.m.**

PLEASE BE ADVISED, that if an objection is timely filed to the relief requested, or if the Court determines that a hearing is appropriate, the Court will schedule a hearing. Notice of such a hearing will be provided by the applicant.

PLEASE BE ADVISED, that if no objection is received by the Objection Deadline, the Court may enter the attached Order approving the stipulation without further notice.

Dated: Jericho, New York
August 7, 2012

SILVERMANACAMPORA LLP
Counsel to Kenneth P. Silverman, Esq., the
Chapter 7 Trustee

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

SILVERMANACAMPORA LLP
Counsel to Kenneth P. Silverman, Esq.,
Chapter 7 Trustee
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Presentment Date: September 5, 2012
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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

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In re:

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

AGAPE WORLD, INC.,
AGAPE MERCHANT ADVANCE LLC,
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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.: 11-08661 (AST)

-against-

LYNNE ESPOSITO and PATRICK ESPOSITO,

Defendants.

-----X

**TRUSTEE'S MOTION UNDER
BANKRUPTCY RULE 9019(a) SEEKING THE ENTRY
OF AN ORDER APPROVING A STIPULATION SETTLING THE
TRUSTEE'S CLAIMS AGAINST LYNNE ESPOSITO AND PATRICK ESPOSITO**

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 Rule of Bankruptcy Procedure 9019 for entry of an Order approving the proposed settlement of the Trustee's claims under 11 U.S.C. §§105, 541, 544, 548, 550 and New York Debtor and Creditor Law §§ 273, 274, 275, 276 against Lynne Esposito and Patrick Esposito (the "Defendants"), annexed hereto as **Exhibit 1**, as memorialized in the Stipulation And Order (I) Settling the

Trustee's Claims; And (II) Directing the Clerk of the Court to Close the Adversary Proceeding (the "Stipulation"), which has been annexed hereto as **Exhibit 2**. All parties are encouraged to review the annexed Stipulation in its entirety for the specific terms of the proposed 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 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.

7. Thereafter, pursuant to an Order of this Court dated April 21, 2009 (Dkt. No. 106), the Trustee retained Navigant Consulting Inc. ("Navigant") to, among other things, conduct a forensic analysis of Agape's books and records.

8. Based upon Navigant's analysis, the Trustee determined that Defendants received certain transfers, totaling Seventy-Seven Thousand Eight Hundred Eighty-Seven

(\$77,887.00) Dollars, that were made by the Debtors to Defendants within 6 years prior to the Filing Date (the “Esposito Net Transfers”).

9. On February 11, 2011, the Trustee commenced an adversary proceeding against Defendants by filing of a complaint, wherein the Trustee asserted that the Esposito Net Transfers are avoidable pursuant to 11 U.S.C. §§548, 550 and 551, New York Debtor and Creditor Law §§273, 274, 275, 276 and 276-a, and New York common law. (the “Esposito Adversary Proceeding”).

10. The claims asserted in the Adversary Proceedings form the basis of the Trustee’s claims (the “Trustee’s Claims”).

11. The parties engaged in informal discovery related to the Trustee’s Claims and the defenses asserted by Defendants. That discovery revealed that Defendants invested \$55,000.00 with Agape. The Trustee’s forensic accountants confirmed those deposits, thereby reducing the Esposito Net Transfer to an amount totaling \$22,887.00.

12. The Trustee and the Defendants engaged in settlement discussions in an effort to consensually resolve the Adversary Proceedings.

13. Thereafter, the Defendants produced certified financial disclosures to the Trustee to better evaluate their financial situation for purposes of settlement negotiations.

14. Based upon those financial disclosures, and in order to avoid the costs, expenses and uncertainty of continued litigation, the parties have now agreed to resolve the Trustee’s Claims upon the terms and conditions contained in the Stipulation.

15. Defendants have agreed to remit the sum of \$5,000.00 to the Trustee in full and final settlement of the Trustee’s Claims.

16. For all of the reasons set forth herein, the Trustee submits that accepting the offer 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 interests of the Debtors’ estate.

Settlement

17. The Trustee has determined that settling this matter is in the best interests of the Debtor's estate and is 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.

18. After the Trustee's review of the financial disclosures produced by the Defendants and in exercise of his business judgment, the Trustee has determined that satisfaction of a judgment, for the full amount of the Trustee's Claims, would be unlikely.

19. In light of the foregoing and mindful of the costs and risks of litigating the Trustee's Claims, the Trustee has agreed to settle with the Defendants.

Basis for Relief Requested

20. Federal Rule of Bankruptcy Procedure 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.

21. 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").

22. 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.

23. 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).

24. After reviewing Defendants' financial disclosures, the Trustee has determined that enforcing or satisfying a judgment entered against Defendants for the full amount of the Trustee's Claims would be unlikely.

25. In consideration of the financial disclosures, costs associated in enforcing the judgment and the uncertainties of further litigating the Trustee's Claims, the Trustee believes that the Settlement on the Trustee's Claims is fair, equitable and in the best interest of the Estate.

Notice of Motion

26. The Trustee has served the Notice of Hearing, proposed Order, and Motion in support with Exhibit upon: (i) the Office of the United States Trustee; (ii) Nicholas Cosmo, the former principal of the Debtor, (ii) the Defendant herein and his counsel (iii) the taxing authorities, and (iv) 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.

27. 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
August 7, 2012

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

By: s/ David J. Mahoney
David J. Mahoney
Robert J. Ansell
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-

LYNNE ESPOSITO and PATRICK ESPOSITO,

Defendants.
-----X

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

Adv. Pro. No.: 11-08661 (AST)

ORDER UNDER BANKRUPTCY RULE 9019(a)
APPROVING A STIPULATION SETTLING THE TRUSTEE'S
CLAIMS AGAINST LYNNE ESPOSITO and PATRICK ESPOSITO

Upon the Notice of Presentment (the "Notice"), dated August 7, 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.*, by his counsel, SilvermanAcampora LLP, seeking the entry of an Order approving a Stipulation (the "Stipulation") settling the Trustee's claims against Lynne Esposito and Patrick Esposito (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 the settlement of the Trustee's claims pursuant to 11 U.S.C. §§105, 541, 544, 548, 550 and New York Debtor and Creditor Law §§ 273, 274, 275, 276 (the "Trustee's Claims") against the 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) Defendants, (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 amended by this Court's Order on October 13, 2011, 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

-----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-

LYNNE ESPOSITO and PATRICK ESPOSITO,

Defendants.
-----X

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

Adv. Pro. No.: 11-08661 (AST)

**STIPULATION AND ORDER (I) SETTLING THE TRUSTEE'S CLAIMS; AND
(II) DIRECTING THE CLERK OF THE COURT TO CLOSE THE ADVERSARY PROCEEDING**

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 (collectively, the "Debtors").

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 to Lynne Esposito ("Lynne") and defendant Patrick Esposito ("Patrick" and, together with Lynne, collectively, the "Defendants")

VIII. On February 11, 2011, the Trustee commenced this adversary proceeding against the Defendants by the filing of a complaint, wherein the Trustee asserted that certain transfers totaling Seventy-Seven Thousand Eight Hundred Eighty-Seven (\$77,887.00) Dollars made to the Defendants are recoverable pursuant to Bankruptcy Code §§105, 541, 544, 548, 550 and New York Debtor and Creditor Law §§ 273, 274, 275, 276 (The Trustee's Claims).

IX. Thereafter, Defendants contacted Trustee's counsel regarding settlement of the Trustee's Claims.

X. The parties engaged in informal discovery related to the Trustee's Claims and the defenses asserted by Defendants.

XI. Subsequently, the Trustee confirmed additional deposits made by the Defendants, reducing the Trustee's Claims to Twenty-Two Thousand Eight Hundred Eighty-Seven and 00/100 (\$22,887.00) Dollars.

XII. The Defendant submitted, and the Trustee analyzed, certified financial disclosures relating to the current financial status of the Defendants.

XIII. In the spirit of compromise and without any admission of liability, Defendants have offered to remit \$5,000.00 (the "Settlement Sum") to the Trustee in full and final settlement of the Trustee's Claims.

XIV. Based upon the his review of certain certified financials disclosures, and in consideration of all relevant facts, 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:

Defendants' 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 pursuant to Bankruptcy Rule 9019 (the "Approval Order").

2. The Trustee has authorized Defendants to pay the Settlement Sum in three (3) installments. The first installment, in the amount of \$2,000.00 is due upon execution of the Stipulation, but no later than August 15, 2012. The second installment, in the amount of \$1,500.00, is due on or before October 15, 2012. The final installment, in the amount of \$1,500.00, is due on or before December 15, 2012. All installments shall be remitted 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. Nothing contained herein shall preclude or penalize Defendants from pre-paying any installment or portion of any installment.

3. If Defendants fail to make timely payment of any installment of the Settlement Sum in accordance with paragraph 1, above, or if Defendants' payment is dishonored for any reason whatsoever and Defendants do not cure such default within five (5) business days after

written notice sent by Federal Express or other reputable overnight courier to Defendants 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 \$22,887.00, 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 Defendants at 145 Smith Avenue, Islip, New York 11751.

4. Any portions of the Settlement Sum received prior to the entry of the Approval Order shall be held in the Trustee's segregated "Earnest Money" account until the Approval Order becomes final and non-appealable under 28 U.S.C. §158(c)(2) and Bankruptcy Rule 8002.

5. Upon the Approval Order becoming final and non-appealable, the fourteenth day after the date of the entry of the Approval Order, the Trustee counsel will transfer all portions of the Settlement Sum being held in the segregated "Earnest Money" account to the Debtors' estate account. If the Bankruptcy Court denies the entry of the Approval Order, the Trustee shall return all portions of the Settlement Sum being held in the segregated "Earnest Money" Account to Defendants without undue delay.

6. 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

7. Upon the Approval Order becoming final and non-appealable, and the Trustee's receipt and clearance of each installment of the Settlement Sum, the Trustee and the estate release and forever discharge Defendants, their affiliated entities, agents, representatives, present or former officers, attorneys, directors, 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).

8. Upon the Approval Order becoming final and non-appealable, 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

9. 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. 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 3 in the event that Defendants fail to make timely payment of the Settlement Sum.

Miscellaneous

10. 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.

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

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

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.

16. Upon the entry of the Approval Order in this proceeding, the Clerk of the Court is directed to close this adversary proceeding.

Dated: Jericho, New York
August 7, 2012

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

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

Dated: Islip, New York
August 3, 2012

LYNNE ESPOSITO
Pro se defendant

By: s/ Lynne Esposito
Lynne Esposito
145 Smith Avenue
Islip, New York 11751
(631) 581-1659

[THE REMAINDER OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK]

Dated: Islip, New York
August 3, 2012

PATRICK ESPOSITO
Pro se defendant

By: *s/ Patrick Esposito*
Patrick Esposito
145 Smith Avenue
Islip, New York 11751
(631) 581-1659