

**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.  
Randy J. Schaefer, Esq.

**Hearing Date: September 19, 2013**  
**Time: 2:00 p.m.**

**Objections Due: September 12, 2013**  
**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.: 10-08696 (DTE)

-against-

VINCENT LUCA,

Defendant.

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

Plaintiff,

Adv. Pro. No.: 10-08576 (DTE)

-against-

BETH LUCA,

Defendant.

-----X

**NOTICE OF MOTION UNDER FEDERAL RULE OF BANKRUPTCY  
PROCEDURE 9019(a) FOR AN ORDER APPROVING THE STIPULATION  
SETTLING THE TRUSTEE'S CLAIMS AGAINST VINCENT LUCA AND BETH LUCA**

**PLEASE TAKE NOTICE**, that upon the motion pursuant to Federal Rule of Bankruptcy Procedure 9019(a), dated August 16, 2013, and related documents (collectively, the "Motion"), of Kenneth P. Silverman, Esq., the chapter 7 trustee (the "Trustee") for the substantively consolidated estate of Agape World, Inc., *et al.*, (the "Debtors") by his counsel, SilvermanAcampora LLP, the Trustee will move before the Honorable Dorothy T. Eisenberg, United States Bankruptcy Court for the Eastern District of New York, located at Long Island Federal Courthouse, 290 Federal Plaza, Central Islip, New York 11722 on **September 19, 2013 at 2:00 p.m.**, or as soon thereafter as counsel can be heard, seeking entry of an order approving the Stipulation Settling the Trustee's Claims Against Vincent Luca and Beth Luca. 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 Dorothy T. Eisenberg, United States Bankruptcy Judge, United States Bankruptcy Court, 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 **September 12, 2013 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  
August 16, 2013

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

By: s/ Randy J. Schaefer  
Randy J. Schaefer  
Counsel to the Firm  
100 Jericho Quadrangle, Suite 300  
Jericho, New York 11753  
(516) 479-6300

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  
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114 PARKWAY DRIVE SOUTH LLC,

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

Plaintiff,

-against-

VINCENT LUCA,

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

Plaintiff,

-against-

BETH LUCA,

Defendant.

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**MOTION FOR AN ORDER UNDER FEDERAL RULE  
OF BANKRUPTCY PROCEDURE 9019(a) APPROVING STIPULATION  
SETTLING THE TRUSTEE'S CLAIMS AGAINST VINCENT LUCA AND BETH LUCA**

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(a) for entry of an order (the "Order"), annexed hereto as **Exhibit 1**, approving the stipulation settling the Trustee's claims against Vincent Luca and Beth Luca

Chapter 7  
Case No.: 09-70660 (DTE)  
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Adv. Pro. No.: 10-08696 (DTE)

Adv. Pro. No.: 10-08576 (DTE)

(together, the “Defendants”), as memorialized in the Stipulation Settling the Trustee’s Claims Against Vincent Luca and Beth Luca (the “Stipulation”), annexed hereto 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 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 “Debtors”).

7. Thereafter, pursuant to an Order of this Court dated April 21, 2009 (Docket No. 106), the Trustee retained Navigant Consulting Inc. (“Navigant”) to, among other things, conduct a forensic analysis of Agape’s books and records, including a detailed analysis of the extent and validity of certain transfers made by the Debtors to the Defendants prior to the Filing Date.

8. On October 10, 2010, the Trustee commenced an adversary proceeding against Beth Luca by filing a complaint (Adv. Pro. No. 10-08576 (DTE)), asserting that certain transfers totaling Seven Thousand Six Hundred Sixty-Six and 04/100 (\$7,666.04) made by the Debtors to Beth Luca within ninety (90) days before the Filing Date (the "Preferential Transfers") are avoidable pursuant to 11 U.S.C. §§105, 502, 547, 550 and 551 (the "Trustee's Claims Against Beth Luca").

9. On November 2, 2010, the Trustee commenced an adversary proceeding against Vincent Luca by filing a complaint (Adv. Pro. No. 10-08696 (DTE)), asserting that certain transfers made by the Debtors to Vincent Luca, net of deposits into the Debtors, totaling Eight Hundred Forty Thousand Five Hundred Twelve and 75/100 Dollars (\$840,512.75) are avoidable pursuant to 11 U.S.C. §§105, 502, 544, 548, 550 and 551, New York Debtor and Creditor Law §§273, 274, 275, 276 and 276-a, and New York common law (the "Trustee's Claims Against Vincent Luca" and, together with the Trustee's Claims Against Beth Luca, the "Trustee's Claims").

10. Thereafter, the parties, through their counsel, engaged in discovery related to the Trustee's Claims and defenses asserted by Defendants, whereby Vincent Luca provided evidence of additional unaccounted deposits made by him, including certain transfers that were credited to a related entity, Vincent Luca Provisions, and to a relative, Isabella Luca. Accordingly, Vincent Luca's net transfer liability was concomitantly reduced to Seventy-Nine Thousand Five Hundred Twelve and 75/100 Dollars (\$79,512.75) (the "Net Transfers"). Therefore, when combining Beth Luca's Preferential Transfer liability of \$7,666.04 with Vincent Luca's \$79,512.75 liability, the amount owed to the Trustee is reduced to Eighty-Seven Thousand One Hundred Seventy Eight and 79/100 Dollars (\$87,178.79).

### **Settlement**

11. Defendants have offered to pay Forty-Five Thousand and 00/100 Dollars (\$45,000.00) (the "Settlement Sum") to the Trustee in full and final settlement of the Trustee's Claims.<sup>1</sup> Forty-Three Thousand and 00/100 Dollars (\$43,000.00) of the Settlement Sum shall be attributed to settling the Trustee's Claims Against Vincent Luca, and Two Thousand and 00/100 Dollars (\$2,000.00) of the Settlement Sum shall be attributed to settling the Trustee's Claims Against Beth Luca.

12. Based upon Defendants' defenses to the Trustee's Claims and the Trustee's review of all documentation related to the Net Transfers and the Preferential Transfers and his investigation of all attendant factors, the Trustee has, in his business judgment, agreed to settle the Trustee's Claims.

13. For all the reasons set forth herein, the Trustee submits that accepting Defendants' offer to pay 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 Debtors' estate.

14. 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.

### **Basis for Relief Requested**

15. 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,

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

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).

16. 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.<sup>2</sup>

17. 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."<sup>3</sup> As stated in *Arrow Air*, supra, the "approval of [a] proposed compromise and settlement is a matter of this Court's sound discretion."<sup>4</sup> In passing upon a proposed settlement, "the bankruptcy court does not substitute its judgment for that of the trustee."<sup>5</sup> 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

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<sup>2</sup> *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").

<sup>3</sup> *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).

<sup>4</sup> *Arrow Air*, supra, 85 B.R. at 891.

<sup>5</sup> *In re Depo*, 77 B.R. at 384 (citations omitted).



range of reasonableness.”<sup>6</sup> 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.”

18. The Second Circuit in *In re Iridium Operating LLC*<sup>7</sup> 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;
- 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.<sup>8</sup>

19. The Settlement Sum represents a guaranteed recovery of nearly sixty percent (60%) of Vincent Luca’s potential liability for the Net Transfers, and approximately fifty percent (50%) of the Defendants’ combined potential liability for the Net Transfers and Preferential Transfers.

20. The Trustee does not anticipate that any of the Debtors’ creditors will object to Stipulation or the relief requested in this Motion.

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<sup>6</sup> *Bell & Beckwith*, 77 B.R. at 612; see also *In re Handler*, 386 B.R. at 421.

<sup>7</sup> 478 F.3d 452, 462 (2d Cir. 2007).

<sup>8</sup> See *In re Iridium Operating LLC*, 478 F.3d at 462; See also *In re Handler*, 386 B.R. at 421.

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

22. The parties to the Stipulation are represented by competent and experienced counsel.

23. The Trustee submits that considering the costs and uncertainties associated with trial, and the resulting litigation that would be necessary to enforce any judgment against the Defendants, it is unlikely that further litigation would result in a "net benefit" to the Debtors' 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.

#### **Notice**

24. 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, Debtors' 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](http://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.

25. 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  
August 16, 2013

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

By: s/ Randy J. Schaefer  
Randy J. Schaefer  
Counsel to 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.

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

Plaintiff,

-against-

VINCENT LUCA,

Defendant.

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

Plaintiff,

-against-

BETH LUCA,

Defendant.

-----X

**ORDER UNDER FEDERAL RULE OF BANKRUPTCY  
PROCEDURE 9019(a) APPROVING THE STIPULATION SETTLING THE  
TRUSTEE'S CLAIMS AGAINST VINCENT LUCA AND BETH LUCA**

Upon the Notice of Motion (the "Notice") pursuant to Federal Rule of Bankruptcy Procedure 9019(a), dated August 16, 2013, 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.*, (the "Debtors"), by his counsel, SilvermanAcampora LLP, seeking the entry of an Order approving the stipulation settling the Trustee's claims against Vincent Luca and Beth Luca (together, the "Defendants"), as

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

Adv. Pro. No.: 10-08696 (DTE)

Adv. Pro. No.: 10-08576 (DTE)

memorialized by the Stipulation Settling the Trustee's Claims Against Vincent Luca and Beth Luca (the "Stipulation"), and upon the Affidavit of Service filed with the Court; and the Motion having come on for a hearing on September 19, 2013 before the Honorable Dorothy Eisenberg, and the Trustee, by his counsel, SilvermanAcampora LLP, by David J. Mahoney, having appeared in support of the Motion; and no opposition to the Motion having been filed; and no one appearing in opposition to the Motion; and the Court having found that settling the Trustee's claims against Vincent Luca arising under 11 U.S.C. §§105, 502, 544, 548, 550, and 551, and New York Debtor and Creditor Law §§273, 274, 275, 276, and 276-a, and New York Common Law, and the Trustee's claims against Beth Luca arising under 11 U.S.C. §§105, 502, 547, 550 and 551 (collectively, the Trustee's Claims"), 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, Debtors' 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](http://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 Stipulation is approved, and it is further

**ORDERED**, that pursuant to the Stipulation, any and all claims, of whatever nature, which Defendants have or may have against the Debtors' estate are hereby, and forever waived, released and discharged, 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**



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.

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

Plaintiff,

Adv. Pro. No. 10-08696 (DTE)

-against-

VINCENT LUCA,

Defendant.

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

Plaintiff,

Adv. Pro. No. 10-08576 (DTE)

-against-

BETH LUCA,

Defendant.

-----X  
**STIPULATION SETTLING THE TRUSTEE'S CLAIMS  
AGAINST VINCENT LUCA AND BETH LUCA**

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 by the Debtors to Vincent Luca and Beth Luca ("Defendants") prior to the Filing Date.

VIII. On October 10, 2010, the Trustee commenced an adversary proceeding against Beth Luca, under adversary proceeding number 10-08576 (DTE), by the filing of a complaint, wherein the Trustee asserted that certain transfers totaling Seven Thousand Six Hundred Sixty-Six and 04/100 (\$7,666.04) made by the Debtors to Beth Luca within ninety (90) days of the Filing Date are avoidable pursuant to 11 U.S.C. §§547, 550 and 551 (the "Trustee's Claims Against Beth Luca")

IX. On November 2, 2010, the Trustee commenced an adversary proceeding against Vincent Luca, under adversary proceeding number 10-08696 (DTE), by the filing of a complaint, wherein the Trustee asserted that certain transfers made by the Debtors to Vincent, net of deposits into the Debtors, totaling Eight Hundred Forty Thousand Five Hundred Twelve and 75/100 Dollars (\$840,512.75) are avoidable pursuant to 11 U.S.C. §§544, 548, 550 and 551, New York Debtor and Creditor Law §§273, 274, 275, 276 and 276-a, and New York common law (the "Trustee's Claims against Vincent Luca").

X. On January 14, 2011, Vincent Luca and Beth Luca interposed answers to the complaints in their respective adversary proceedings.

XI. Thereafter, the parties, through their counsel, engaged in informal discovery related to the Trustee's Claims Against Beth Luca and the Trustee's Claims Against Vincent Luca, and defenses asserted by Defendants, whereby Vincent Luca demonstrated previously unaccounted for deposits made by him, including those previously credited to Vincent Luca Provisions and Isabella Luca. Accordingly, Vincent Luca's net transfer liability was concomitantly reduced to Seventy-Nine Thousand Five Hundred Twelve and 75/100 Dollars (\$79,512.75) (the "Net Transfers"). Together with Beth Luca's preferential transfer liability of \$7,666.04, the Defendants' combined liability to the Trustee is Eighty-Seven Thousand One Hundred Seventy Eight and 79/100 Dollars (\$87,178.79).

XII. In the spirit of compromise and without any admission of liability, Defendants have offered to remit the sum of Forty-Five Thousand and 00/100 Dollars (\$45,000.00) (the "Settlement Sum") to the Trustee in full and final settlement of the Trustee's Claims Against Beth Luca and the Trustee's Claims Against Vincent Luca.

XIII. Based upon his review of all documentation related to the Net Transfers, the Trustee has in his business judgment agreed to settle the Trustee's Claims Against Beth Luca and the Trustee's Claims Against Vincent Luca 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 Against Beth Luca and the Trustee's Claims Against Vincent Luca 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 (the "Approval Order").

2. Defendants will 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: Cooper J Macco, Esq. The Trustee has agreed to accept the Settlement Sum in three installment payments (each, an "Installment," and collectively, the "Installments"). The Installments shall be paid as follows: (i) upon execution of this Stipulation, Defendants shall remit \$15,000.00; (ii) on or before September 15, 2013, Defendants shall remit \$15,000.00; and (iii) on or before December 31, 2013, Defendants shall remit \$15,000.00. 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 the Settlement Sum or any Installment in accordance with paragraph 2, 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 regular first class mail 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 in the amount of Eighty-Seven Thousand One Hundred Seventy Eight and 79/100 Dollars (\$87,178.79), 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 first class mail to: (i) Vincent Luca and Beth Luca at 17 Old Bride Court, Melville, New York 11747; and (ii) Defendants' counsel, Jules A. Epstein, Esq., at Jules A. Epstein, P.C., 600 Old Country Road, Suite 505, Garden City, New York 11530.

4. The Settlement Sum, of which Forty-Three Thousand and 00/100 Dollars (\$43,000.00) shall be attributed to the settlement of the Trustee's Claims Against Vincent Luca and Two Thousand and 00/100 Dollars (\$2,000.00) shall be attributed to the settlement of the Trustee's Claims Against Beth Luca, shall be held by the Trustee in a 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 will transfer the Settlement Sum being held in the segregated "Earnest Money" account into the Debtors' estate account. If the Bankruptcy Court denies the entry of the Approval Order, the Trustee will return the Settlement Sum to Defendant counsel 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 entry of the Approval Order, and the Trustee's receipt and clearance 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 Against Beth Luca and the Trustee's Claims Against Vincent Luca. 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 entry of the Approval Order, Defendants release, discharge and waive any and all claims against the Debtors' Estate, the Trustee and the Trustee's agents, attorneys, assigns and successors-in-interest from any and all claims, 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 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.

12. 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.

13. 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.

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

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

Dated: Jericho, New York  
July 29, 2013

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

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

Dated: Garden City, New York  
July 23, 2013

**JULES A. EPSTEIN, P.C.**  
Attorneys for Defendants

By: s/ Jules A. Epstein  
Jules A. Epstein  
600 Old Country Road, Suite 505  
Garden City, New York 11530  
(516) 745-1325