

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

Hearing Date: June 11, 2013
Time: 9:30 a.m.

Objections Due: June 4, 2013
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.

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

Plaintiff,

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

Adv. Pro. No.: 11-08206 (REG)

-against-

ZELMAN SCHAPIRO,

Defendant.

-----X

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

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 move before the Honorable Robert E. Grossman, United States Bankruptcy Judge, at the United States Bankruptcy Court, Courtroom 860, Eastern District of New York at Central Islip, 290 Federal Plaza, Central Islip, New York 11722 on **June 11, 2013 at 9:30 a.m.**, or as soon thereafter as counsel can be heard, for entry of an order granting the Trustee's Motion for an

Order Approving the Stipulation of Settlement. 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 Robert E. Grossman, United States Bankruptcy Judge, United States Bankruptcy Court, Eastern District of New York, Alfonse M. D'Amato Federal Courthouse, 290 Federal Plaza, Central Islip, New York 11722; (iv) mailed to SilvermanAcampora LLP, 100 Jericho Quadrangle, Suite 300, Jericho, New York 11753, Attn: David J. Mahoney, Esq.; and (v) mailed to the Office of the United States Trustee, 560 Federal Plaza, Central Islip, New York 11722, no later than **5:00 p.m., on June 4, 2013**.

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
May 9, 2013

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

By: s/ David J. Mahoney
David J. Mahoney
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
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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

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In re:

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

Plaintiff,

-against-

ZELMAN SCHAPIRO,

Defendant.
-----X

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

Adv. Pro. No.: 11-08206 (REG)

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

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 application (the "Application") 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 proposed settlement of the Trustee's claims under 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 against Zelman Schapiro as memorialized in the Stipulation

Settling the Trustee's Claims Against Zelman Schapiro, *et al.* (the "Stipulation"), which is 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 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. 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 Zelman Schapiro ("Defendant") received certain transfers totaling Eighty-Seven Thousand Two Hundred Seventy-

Four and 40/100 (\$87,274.40) Dollars (the "Transfers") made by the Debtor to the Defendant that 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.

9. On January 24, 2011, the Trustee commenced an adversary proceeding against the Defendant (the "Adversary Proceeding") by the filing and service of a summons and complaint under Adv. Pro. No. 11-08854 seeking to, *inter alia*, avoid the Transfers pursuant to 11 U.S.C. §§105, 502, 544 and 548, New York Debtor and Creditor Law §§273, 274, 275, 276, and 276-a, and New York common law and to recover the Transfers from Defendant pursuant to 11 U.S.C. §550(a) (the "Trustee's Claims").

10. The Trustee also commenced related adversary proceedings against Defendant's wife, Francinet Schapira ("Mrs. Shapria"), Adv. Pro. Nos. 11-08688 (AST) and 11-09228 (AST), Zelman Schapiro, Adv. Pro. No. 11-09236 (AST), and Zelman Schapira, Adv. Pro. No. 12-08354 (collectively, with the Adversary Proceeding, the "Related Adversary Proceedings").¹

11. The parties engaged in discovery related to the Trustee's Claims and the defenses asserted by Defendant.

12. The Trustee, through his counsel, and the Defendant and Mrs. Shapira, through their counsel engaged in settlement discussions in an effort to consensually resolve the Related Adversary Proceedings. Pursuant to a Court Order, the parties attended a mediation session on March 15, 2013 at the United States Bankruptcy Court for the Eastern District of New York. In order to avoid the costs, expenses, and uncertainty of continued litigation, the parties have agreed to resolve the Trustee's Claims and the Related Adversary Proceedings upon the terms and conditions contained in the Stipulation.

¹ Zelman Shapira and Zelman Shapiro are the same person.

13. Defendant has offered to remit the sum of Ten Thousand and 00/100 (\$10,000.00) Dollars (the "Settlement Sum") to the Trustee, in full and final satisfaction of the Trustee's Claims and the Related Adversary Proceedings.

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

Settlement

15. 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 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 enforcement efforts.

16. The Trustee determined, after consulting with his retained professionals and exercising his business judgment, that the voluntary return of the Settlement Sum outweighs the potential net recovery to the estate that may be obtained by prosecuting the Trustee's Claims through trial and enforcing a resulting judgment.

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

Basis for Relief Requested

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

19. 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 Indep. 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 Jackson Brewing Co.*, 624 F.2d 605, 607 (5th Cir. 1980); *In re Holywell Corp.*, 93 B.R. 291, 294-95 (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. 606, 611 (Bankr. N.D. Ohio), *aff'd*, 87 B.R. 472 (N.D. Ohio 1987); *In re Heissinger Resources Ltd.*, 67 B.R. 378, 383 (C.D. Ill. 1986) ("the law favors compromise").

20. 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] but rather canvass the issues and see whether the settlement falls below the lowest point in the range of reasonableness." *In re W.T. Grant Co.*, 699 F.2d 599, 608 (2d Cir. 1983), *cert denied*, 464 U.S. 822 (1983) (internal quotations and citations omitted). See *Holywell* 93 B.R. at 294. ("In order to exercise this discretion properly, the Court must consider all of the relevant facts and evaluate whether the compromise suggested falls below the lowest point in the range of reasonableness") (internal quotations and

citations omitted). 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 612.

21. 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 607; *Holywell Corp.*, 93 B.R. at 294-95 (citations omitted).

22. In the context of the Court Ordered Mediation of the Related Adversary Proceedings, Defendant produced financial disclosures demonstrating an inability to satisfy a judgment on the Claims or the Related Adversary Proceedings. The Defendant's voluntary return of the Settlement Sum represents a significant portion of the Transfers for which the Trustee believes the Defendant may be liable, thereby satisfying the Trustee's Claims without causing the Debtor's estate to incur significant fees or expenses through trial and judgment enforcement.

23. The Trustee submits that considering the costs and uncertainties associated with trial and judgment enforcement, it is unlikely that further litigation would result in a "net benefit" to the Debtor's estate in excess of the Settlement Sum. In the sound business judgment of the Trustee, the proposed settlement is fair and equitable and in the best interest of the estate.

Notice

24. The Trustee has served the Notice of Presentment, proposed Order, and Application with exhibit upon: (i) the Office of the United States Trustee; (ii) Nicholas Cosmo, former principal of the Debtor; (iii) Defendant; (iv) Defendant's Counsel; (v) the appropriate taxing authorities; and (vi) all parties having filed a Notice of Appearance in this case. Copies

have been posted on the Trustee's website located at www.agapeworldbankruptcy.com. The Trustee respectfully submits that the proposed service complies with this Court's Order Establishing Noticing Procedures entered on July 8, 2009 and is otherwise sufficient.

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

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

Dated: Jericho, New York
May 9, 2013

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

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

ZELMAN SCHAPIRO,

Defendant.
-----X

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

Adv. Pro. No.: 11-08206 (REG)

**ORDER UNDER BANKRUPTCY RULE 9019(a) APPROVING A
STIPULATION SETTling THE TRUSTEE'S CLAIMS AGAINST ZELMAN SCHAPIRO**

Upon the Notice of Hearing (the "Notice"), dated May 9, 2013, and related application (collectively, the "Application") of Kenneth P. Silverman, Esq., the chapter 7 trustee (the "Trustee") of the substantively consolidated estate of Agape World, Inc., *et al.* (the "Debtor"), by his counsel, SilvermanAcampora LLP, seeking the entry of an order (the "Order") approving a stipulation (the "Stipulation") settling the Trustee's claims against Zelman Schapiro (the "Defendant"); and upon the affidavit of service filed with the Court; and no objections to the Application 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, 502, 544, 548, 550, and 551, New York Debtor and Creditor Law §§273, 274, 275, 276, and 276-a, and New York common law against Defendant to be fair, reasonable, and in the best interests of the Debtor's estate; and sufficient cause having been shown therefor; and after due deliberation and consideration

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

NOW, THEREFORE, upon the Notice and Application 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 Application and proposed Order, having been provided to: (i) the Office of the United States Trustee; (ii) Nicholas Cosmo, former principal of the Debtor; (iii) Defendant; (iv) Defendant's Counsel; (v) the appropriate taxing authorities; and (vi) all parties that filed a Notice of Appearance in this case, and copies having 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 Application is granted, and it is further

ORDERED, that the settlement of the Trustee's claims against Defendant 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.

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-

FRANCINET SCHAPIRA,

Defendant.

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

Plaintiff,

-against-

FRANCINET SCHAPIRA,

Defendant.

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

Plaintiff,

-against-

ZELMAN SCHAPIRO,

Defendant.
-----X

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

Adv. Pro. No.: 11-08688 (AST)

Adv. Pro. No.: 11-09228 (AST)

Adv. Pro. No.: 11-09236 (AST)

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

Plaintiff,

Adv. Pro. No.: 11-08206 (REG)

-against-

ZELMAN SCHAPIRO,

Defendant.

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

Plaintiff,

Adv. Pro. No.: 12-08354 (DTE)

-against-

ZELMAN SCHAPIRA,

Defendant.

-----X

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

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 Francinet Schapira, and Zelman Schapiro, as well as certain transfers made by the Debtors to Hugo Arias and Hugo Arias Inc. ("HAI"), Jose and Ruby Restrepo ("Restrepo") and subsequent transfers made by HAI and Restrepo, both now judgment debtors, to Francinet Schapira, Zelman Schapiro, and Zelman Schapira (Francinet Schapira, Zelman Schapiro, and Zelman Schapira collectively the "Defendants").

VIII. Thereafter, the Trustee commenced the adversary proceeding against Francinet Schapira, Adv. Pro. No. 11-08688 (AST) by the filing of a complaint, wherein the Trustee asserted that certain transfers totaling Thirty-Eight Thousand Eight Hundred Thirty-Three and 33/100 (\$38,833.33) Dollars (the "Net Transfers") made to Francinet Schapira are recoverable pursuant to 11 U.S.C. §§105, 502, 544, 548, 550 and 551, New York Debtor and Creditor Law §§ 273, 274, 275, 276, 276-a, and New York common law.

IX. The Trustee further commenced the adversary proceeding against Zelman Schapiro, Adv. Pro. No. 11-08206 (REG) by the filing of a complaint, wherein the Trustee asserted that certain transfers totaling Eighty-Seven Thousand Two Hundred Seventy-Four and 40/100 (\$87,274.40) Dollars (the "Net Transfers") made to Zelman Schapiro are recoverable pursuant to 11 U.S.C. §§105, 502, 544, 548, 550 and 551, New York Debtor and Creditor Law §§ 273, 274, 275, 276, 276-a, and New York common law.

X. The Trustee further commenced the adversary proceeding against Francinet Schapira, Adv. Pro. No. 11-09228 (AST) by the filing of a complaint, wherein the Trustee asserted that certain transfers totaling Fifteen Thousand Eight Hundred Forty and 00/100

(\$15,840.00) Dollars (the "Net Transfers") made to Francinet Schapira are recoverable pursuant to 11 U.S.C. §§105, 541,542,544, and 550, and New York common law, based upon HAI's status as a judgment debtor.

XI. The Trustee further commenced the adversary proceeding against Zelman Schapiro, Adv. Pro. No. 11-09236 (AST), by the filing of a complaint, wherein the Trustee asserted that certain transfers totaling Eight Thousand and 00/100 (\$8,000.00) Dollars (the "Net Transfers") made to Zelman Schapiro are recoverable pursuant to 11 U.S.C. §§105, 541,542,544, and 550, and New York common law, based upon HAI's status as a judgment debtor.

XII. The Trustee further commenced the adversary proceeding against Zelman Schapira, Adv. Pro. No. 12-08354 (DTE) by the filing of a complaint, wherein the Trustee asserted that certain transfers totaling Forty Thousand Eight Hundred Eighty-Six and 00/100 (\$40,886.00) Dollars (the "Net Transfers") made to Zelman Schapira are recoverable pursuant to 11 U.S.C. §§105, 541,542,544, and 550, and New York common law, based upon Restrepo's status as a judgment debtor. (The claims described in recital paragraphs VIII through XII are collectively referred to as the "Trustee's Claims").

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

XIV. Pursuant to this Court's Order, the parties attended a mediation session on March 15, 2013 at the United States Bankruptcy Court for the Eastern District of New York at Central Islip.

XV. In the spirit of compromise and without any admission of liability, Defendants have offered to remit Ten Thousand and 00/100 (\$10,000.00) Dollars (the "Settlement Sum") to the Trustee in full and final settlement of the Trustee's Claims.

XVI. Based upon the his review of all documentation related to the Net Transfers 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:

Defendants' Obligation to Pay the Settlement Sum

1. This stipulation (the "Stipulation") is subject to approval of the Bankruptcy Court pursuant to Fed. R. Bankr. P. 9019 (the "Approval Order").

2. The Trustee has authorized Defendants to pay the Settlement Sum in one lump sum on or before May 15, 2013.

3. Payment shall be payable to "Kenneth P. Silverman, Esq., as Chapter 7 Trustee."

4. Payment shall be mailed to the Trustee's counsel at:

**SilvermanAcampora LLP
100 Jericho Quadrangle, Suite 300
Jericho, New York, 11753
Attention: Randy J. Schaefer, Esq.**

5. Nothing contained herein shall preclude or penalize Defendants from pre-paying any installment or portion of any installment at any time.

6. If Defendants fail to make timely payment of the Settlement Sum in accordance with paragraph 2, above, or if Defendants' payment is 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 One Hundred Twenty-Six Thousand One Hundred Seven and 00/100 (\$126,107.00) 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.

7. Written notice of default shall be sent by Federal Express or other reputable overnight courier to:

Defendants at: Zelman and Francinet Schapiro
779 Rockaway Avenue
Valley Stream, New York 11581

Defendants' attorney at: Donald N. Rizzuto, Esq.
1 Sylvan Place, Suite 1B
Valley Stream, New York 11581

8. Any portion of the Settlement Sum received prior to the Approval Order's entry 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.

9. Upon the Approval Order becoming final and non-appealable, (which is the 14th day after the Approval Order's entry), the Trustee's 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 any portion of the Settlement Sum being held in the segregated "Earnest Money" Account, without interest, to Defendants' or their counsel without undue delay.

10. 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

11. 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 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.

12. 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

13. 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 if Defendants fail to make timely payment of the Settlement Sum.

Miscellaneous

14. 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.

15. 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.

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

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

20. Upon the entry of this Stipulation as an Approval Order in this proceeding, the Clerk of the Court is directed to close this adversary proceeding.

Dated: Jericho, New York
April __, 2013
May 7,

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

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

Dated: Valley Stream, New York
April 27, 2013

Attorney for Defendants

By: s/ Donald N. Rizzuto
Donald N. Rizzuto, Esq.
1 Sylvan Place, Suite 1B
Valley Stream, New York 11581

Dated: Valley Stream, New York
April 27, 2013

Defendant

By: s/ Zelman Schapiro
Zelman Schapiro, a/k/a Zelman Schapira
779 Rockaway Avenue
Valley Stream, New York 11581

Dated: Valley Stream, New York
April 27, 2013

Defendant

By: s/ Francinet Schapira
Francinet Schapira
779 Rockaway Avenue
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