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Debtors-in-Possession

In re:

RIH ACQUISITIONS NJ, LLC, *et al.*,¹

Debtors-in-Possession.

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW JERSEY
HONORABLE GLORIA M. BURNS
CASE NO. 13-34483 (GMB)

Chapter 11
(Jointly Administered)

DISCLOSURE STATEMENT FOR DEBTORS' JOINT PLAN OF LIQUIDATION

Dated: February 28, 2014

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's federal identification number are: RIH Acquisitions NJ, LLC d/b/a The Atlantic Club Casino Hotel (1695) and RIH Propco NJ, LLC (5454).



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PLEASE REVIEW THIS DOCUMENT FOR IMPORTANT INFORMATION REGARDING:

- * **Description of the Debtors**
- * **Classification and Treatment of Claims and Interests**
- * **Distribution to Holders of Allowed General Unsecured Claims**
- * **Implementation and Execution of the Plan**
- * **Treatment of Contracts and Leases and Procedures to Assert and Resolve Rejection Claims**

AND IMPORTANT DATES:

- * **Deadline to Submit Ballots – April 7, 2014, at 5:00 p.m. (ET)**
- * **Deadline to Object to Plan Confirmation – April 7, 2014, at 5:00 p.m. (ET)**
- * **Hearing on Plan Confirmation– April 14, 2014, at 10:00 a.m. (ET)**

A COPY OF THIS DISCLOSURE STATEMENT AND THE PLAN OF LIQUIDATION CAN BE FOUND AT <http://www.kccllc.net/rih>

I. INTRODUCTION

1. Purpose of the Disclosure Statement

Notice of this disclosure statement (as amended, modified or supplemented, the “**Disclosure Statement**”) is being provided by RIH Acquisitions NJ, LLC d/b/a The Atlantic Club Casino Hotel (“**RIH Acquisitions**”) and RIH Propco NJ, LLC, the within debtors and debtors-in-possession (the “**Debtors**”), to the Office of the United States Trustee, and to all of the Debtors’ known Creditors and stockholders pursuant to section 1125(b) of Title 11 of the United States Code (the “**Bankruptcy Code**”) for the purpose of soliciting acceptances of the Debtors’ Plan of Liquidation (the “**Plan**”). The Plan has been filed with the United States Bankruptcy Court for the District of New Jersey (the “**Bankruptcy Court**”) and the summaries of the Plan contained herein shall not be relied upon for any purpose other than to make a judgment with respect to, and determine how to vote on, the Plan. A copy of the Plan is attached hereto as **Exhibit A**. All capitalized terms used within this Disclosure Statement which are not defined herein have the meanings set forth in the attached Plan. **The deadline to object to Plan Confirmation and the adequacy of the Disclosure Statement is April 7, 2014, at 5:00 p.m. (ET).**

The Bankruptcy Code requires that the party proposing a chapter 11 plan prepare and file with the Bankruptcy Court a document called a “disclosure statement.” This Disclosure Statement summarizes the Plan’s contents and provides information relating to the Plan and the process the Bankruptcy Court will follow in determining whether to confirm the Plan. This Disclosure Statement also discusses the events leading to the Debtor’s filing of the Bankruptcy Case and describes the main events that have occurred in the Debtor’s Bankruptcy Case, as well as the Chapter 11 voting procedures and the confirmation process. In addition, this Disclosure Statement outlines risk factors associated with the Plan and certain potential federal income tax consequences to holders of Claims and Equity Interests.

The Bankruptcy Code requires a disclosure statement to contain information of a kind, and in sufficient detail, to enable parties who are affected by the plan to vote intelligently for or against the plan or object to the plan, as the case may be. The Bankruptcy Court has determined that this Disclosure Statement contains adequate information and may be provided to you to solicit your vote on the Plan.

For purposes of this Disclosure Statement, all capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Plan or the Bankruptcy Code, except as expressly provided or unless the context clearly requires otherwise. Whenever the context requires, such meaning shall be equally applicable to both the singular and the plural form of such terms, and the masculine gender shall include the feminine and the feminine gender shall include the masculine.

2. Disclaimer

PLEASE NOTE THAT MUCH OF THE INFORMATION CONTAINED HEREIN HAS BEEN TAKEN, IN WHOLE OR IN PART, FROM INFORMATION CONTAINED IN THE DEBTORS’ BOOKS AND RECORDS AND PLEADINGS FILED BY THE DEBTORS AND OTHERS. STATEMENTS MADE IN THE DISCLOSURE STATEMENT ARE QUALIFIED

IN THEIR ENTIRETY BY REFERENCE TO THE PLAN. ALTHOUGH THE DEBTORS HAVE ATTEMPTED TO BE ACCURATE IN ALL MATERIAL RESPECTS, THE DEBTORS ARE UNABLE TO WARRANT OR REPRESENT THAT ALL OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS WITHOUT ERROR. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016(c) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER RULES GOVERNING DISCLOSURE OUTSIDE THE CONTEXT OF CHAPTER 11.

NO REPRESENTATION CONCERNING THE DEBTORS OR THE VALUE OF THE DEBTORS' ASSETS HAS BEEN AUTHORIZED BY THE BANKRUPTCY COURT OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT OR ANY OTHER DISCLOSURE STATEMENT APPROVED BY THE BANKRUPTCY COURT. THE PROPONENT IS NOT RESPONSIBLE FOR ANY INFORMATION, REPRESENTATION OR INDUCEMENT MADE TO OBTAIN YOUR ACCEPTANCE, WHICH IS OTHER THAN, OR INCONSISTENT WITH, INFORMATION CONTAINED HEREIN AND IN THE PLAN.

YOU ARE STRONGLY URGED TO CONSULT WITH YOUR FINANCIAL, LEGAL AND TAX ADVISORS TO UNDERSTAND FULLY THE PLAN AND DISCLOSURE STATEMENT. THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS GIVEN AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFIED. THE DELIVERY OF THIS DISCLOSURE STATEMENT DOES NOT, UNDER ANY CIRCUMSTANCE, IMPLY THAT THERE HAS BEEN NO CHANGE IN THE FACTS SET FORTH HEREIN SINCE SUCH DATE. THIS DISCLOSURE STATEMENT IS INTENDED, AMONG OTHER THINGS, TO SUMMARIZE THE PLAN AND MUST BE READ IN CONJUNCTION WITH THE PLAN AND ITS EXHIBITS, IF ANY. IF ANY CONFLICTS EXIST BETWEEN THE PLAN AND DISCLOSURE STATEMENT, THE TERMS OF THE PLAN SHALL CONTROL.

IF A HOLDER OF A CLAIM WISHES TO CHALLENGE THE ALLOWANCE OR DISALLOWANCE OF A CLAIM FOR VOTING PURPOSES UNDER THE TABULATION RULES SET FORTH IN THE DISCLOSURE STATEMENT ORDER, SUCH ENTITY MUST FILE A MOTION, PURSUANT TO BANKRUPTCY RULE 3018(a), FOR AN ORDER TEMPORARILY ALLOWING SUCH CLAIM IN A DIFFERENT AMOUNT OR CLASSIFICATION FOR PURPOSES OF VOTING TO ACCEPT OR REJECT THE PLAN AND SERVE SUCH MOTION ON THE UNDERSIGNED COUNSEL SO THAT IT IS RECEIVED NO LATER THAN **5:00 P.M., PREVAILING EASTERN TIME, ON APRIL 7, 2014**. UNLESS THE COURT ORDERS OTHERWISE, SUCH CLAIM WILL NOT BE COUNTED FOR VOTING PURPOSES IN EXCESS OF THE AMOUNT DETERMINED IN ACCORDANCE WITH THE TABULATION RULES.

THE DEBTORS URGE ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN TO VOTE TO ACCEPT THE PLAN.

3. Description of Debtors, Debtors' History, and Debtors' Business

As of the Filing Date (defined below), RIH Acquisitions was in the hotel and gaming business and owned and operated the Atlantic Club Casino Hotel (formerly The Atlantic City Hilton and ACH) located at Boston Ave. & The Boardwalk in Atlantic City, New Jersey (the "**Atlantic Club Casino**"). As of the Filing Date, the Atlantic Club Casino had 801 hotel rooms, over 75,000 square feet of casino gaming space including state of the art low denomination slots and table games, as well as seven restaurants. As of the Filing Date, the Atlantic Club Casino also offered over 37,000 square feet of versatile event space and can accommodate gatherings of up to 1,600 people.

In 2005, RIH Acquisitions was formed to own and operate the Atlantic Club Casino, which it acquired from Caesars Entertainment Inc. ("**Caesars**") and Harrah's Entertainment Inc. ("**Harrah's**"). At that same time, three affiliates of RIH Acquisitions acquired a casino in East Chicago, Indiana and two casinos in Tunica, Mississippi from Caesars and Harrah's. Those affiliates, along with RIH Acquisitions and its subsidiary RIH Propco NJ LLC ("**RIH Propco**"), were co-borrowers of the Loan (as discussed below) that financed the casino purchases. In 2007, one of the non-debtor entities divested the East Chicago, Indiana casino property. Thereafter, starting in mid-2009, RIH Acquisitions, RIH Propco, and the affiliates that owned the Tunica, Mississippi casinos spent the better part of two years actively addressing their financial condition with their principal lenders in an attempt to formulate a comprehensive debt restructuring plan. The borrowers intended that such a debt restructuring plan, together with the implementation of cost savings initiatives, would provide them with a sustainable capital structure.

Based on those restructuring discussions, RIH Acquisitions and RIH Propco, in consultation with their advisors, determined that a sale of the Atlantic Club Casino was in their long-term best interests. In January 2011, RIH Acquisitions and RIH Propco entered into a standstill agreement pursuant to which their lenders agreed to forbear while the Debtors attempted to find a buyer for the Atlantic Club Casino. Unfortunately, due to the Atlantic Club Casino's financial performance and adverse market conditions, RIH Acquisitions and RIH Propco were unable to reach agreement with a viable purchaser.

In October 2011, after being unable to find a purchaser, RIH Acquisitions, RIH Propco, and their affiliates that owned the Tunica, Mississippi casinos, in consultation with the New Jersey Casino Control Commission and the City of Atlantic City, reached an agreement with their pre-petition secured lenders. Pursuant to that agreement, RIH Acquisitions retained ownership of the Atlantic Club Casino debt free, while the entities that owned the Tunica, Mississippi casinos transferred ownership of those casinos to the prepetition lenders in full satisfaction of those lenders' claims. That agreement was finalized on November 28, 2011.

During 2012, the Debtors continued to market their assets as a sale of the Atlantic Club Casino continued to be in their long-term best interests. On December 21, 2012, Resorts International Holdings, LLC ("**Resorts International**"), the parent company of RIH Acquisitions, entered into a Membership Interest Purchase Agreement (the "**Purchase Agreement**") with Rational Group US Holdings Inc. and Oldford Group Limited (collectively, "**Rational**"). Pursuant to the Purchase Agreement, at closing, Rational would have acquired 100% of the outstanding membership interests of RIH Acquisitions. The closing of the

transaction was subject to the satisfaction of certain conditions, including receipt of approvals from New Jersey state regulatory authorities and other customary closing conditions. The Purchase Agreement was terminated by Resorts International in accordance with its terms on April 27, 2013 as a result of Rational's failure to secure casino licensing. On May 6, 2013, Rational filed suit against, among others, Resorts International to prevent the termination of its rights under the Purchase Agreement and was granted a temporary restraining order preventing RIH Acquisitions from entering into negotiations with other potential buyers. That temporary restraining order was lifted by the Superior Court of New Jersey on May 17, 2013.

Thereafter, RIH Acquisitions and their advisors continued to actively seek an alternative buyer and had discussions with various potential bidders. The Debtors received five indications of interest and twice entered into exclusivity with potential buyers regarding the sale of the Atlantic Club Casino prior to the commencement of these Chapter 11 cases. However, as of the commencement of these Chapter 11 cases, none of the indications of interest resulted in a definitive agreement. As of the Filing Date, RIH Acquisitions did not have sufficient cash resources or committed financing to operate the Atlantic Club Casino and service ordinary course obligations for an extended time period. Moreover, the Debtors believed prospective buyers of their assets would be reluctant to engage in a financing transaction and/or asset sale transaction absent the protections available under Chapter 11. Accordingly, and after consultation with their advisors, the Debtors ultimately determined the best course of action would be to commence Chapter 11 cases, secure DIP financing and implement a marketing and auction process that ultimately would lead to a sale of substantially all the Debtors' assets to a third-party.

4. Chapter 11 Petitions and Section 363 Sale

On November 6, 2013 (the "**Filing Date**"), the Debtors filed voluntary petitions for relief pursuant to Chapter 11 of Title 11 of the United States Code (the "**Bankruptcy Code**"). Since the Filing Date, the Debtors remained in possession of their assets and continued management of their businesses as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

On November 12, 2013, the Debtors filed a motion with the Bankruptcy Court seeking, among other things, entry of an order (the "**Bidding Procedures Order**"): (i) approving procedures for submitting bids for the purchase of substantially all of the Debtors' assets (the "**Assets**"); (ii) approving procedures for the assumption and assignment of certain executory contracts and unexpired leases in connection with the sale of the Assets and resolution of any objections thereto; and (iii) scheduling the date and time of the hearing (the "**Sale Approval Hearing**") to consider approval of the proposed sale of the Assets to the successful bidder or bidders for the Assets.

On November 19, 2013, the Court entered the Bidding Procedures Order [Docket No. 87]. Pursuant to the Bidding Procedures Order, after a two-day auction on December 17 and December 18, 2013, the Debtors selected Tropicana Atlantic City Corp. ("**Tropicana**") and Caesars Entertainment Operating Company, Inc. ("**Caesars**") as the successful bidders (the "**Successful Bidders**") for the Assets pursuant to the terms of the asset purchase agreements, dated December 20, 2013 [Docket No. 193 and 194] (the "**Asset Purchase Agreements**").

On December 23, 2013, the Court conducted the Sale Approval Hearing and approved the sale of the Debtors' assets to the Successful Bidders. On December 26, 2013, the Court

entered orders [Docket No. 221 and 222] (the “**Sale Orders**”) approving the sale. As a result of the respective sales of assets to the Successful Bidders, the Debtors ceased operations on January 13, 2014. On January 15, 2014, the Debtors closed on the Asset Purchase Agreement with Tropicana. The Debtors closed on the Asset Purchase Agreement with Caesars on February 3, 2014.

5. CRDA Bonds

On January 9, 2014, the Debtors filed a motion for entry of an Order consistent with N.J.S.A. 5:12-177 and pursuant to Sections 105 and 363(b)(1) of the Bankruptcy Code approving the Debtors’ plan to donate investment alternative tax payments to the Casino Reinvestment Development Authority (“**CRDA**”) in exchange for a cash credit (the “**CRDA Motion**”). RIH Acquisitions maintains a gross balance of approximately \$2.4 million with CRDA. After paying off investment commitments, a balance of approximately \$1.75 million will be donated with a cash credit return of approximately \$591,000. On January 27, 2014, the Court entered an Order approving the CRDA Motion [Docket No. 305]. On February 25, 2014, the CRDA approved the donation application.

II. TREATMENT OF UNCLASSIFIED CLAIMS

As contemplated by the Bankruptcy Code, the Administrative Expense Claims, Priority Tax Claims, and Professional Compensation and Reimbursement Claims are not classified under the Plan.

1. Administrative Expense Claims

Unless the Holder of an Allowed Administrative Expense Claim agrees otherwise, Allowed Administrative Expense Claims shall be paid in full in Cash in satisfaction, settlement and release of and in exchange for such Allowed Administrative Expense Claim either (i) as soon as reasonably practicable after the Effective Date or (ii) if the Administrative Expense Claim is not Allowed as of the Effective Date, within thirty (30) days after the date on which such Administrative Expense Claim becomes an Allowed Administrative Expense Claim; provided, however, that Allowed Administrative Expense Claims representing obligations incurred in the ordinary course of business of the Debtors may be paid by the Debtors and/or the Liquidation Trust in the ordinary course, consistent with past practice of the Debtors and in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to, such transactions, without further action by the Holders of such Allowed Administrative Expense Claims or further approval by the Bankruptcy Court.

A Proof of Administrative Expense Claim that has not been paid in the ordinary course of business must be filed and served on the Debtors and the Liquidation Trust (when appointed pursuant to terms of the Plan) on or before the Administrative Expense Claims Bar Date. Holders of Administrative Expense Claims that do not timely file and serve such a Proof of Administrative Expense Claim shall be forever barred and enjoined from asserting any such Administrative Expense Claims against the Debtors and the Estate.

2. Professional Compensation and Reimbursement Claims

Any Holders of Professional Compensation and Reimbursement Claims who properly file final Fee Applications that are approved by the Bankruptcy Court will be paid in full in such amounts as are Allowed by the Bankruptcy Court either (a) seven (7) days after such Professional Compensation and Reimbursement Claim becomes an Allowed Professional Compensation and Reimbursement Claim, or as soon thereafter as is practicable, or (b) upon such other terms as may be mutually agreed upon between such Holder of an Allowed Professional Compensation and Reimbursement Claim and the Debtors or Liquidation Trust, on and after the Effective Date.

Each Holder of a Professional Compensation and Reimbursement Claim seeking an award by the Bankruptcy Court for compensation for services rendered and reimbursement of expenses incurred through and including the Effective Date must file and serve their respective final Fee Applications for allowance of such Professional Compensation and Reimbursement Claim no later than the date that is thirty (30) days after the Effective Date or such other date as may be fixed by the Court.

3. Priority Tax Claim

Each Holder of an Allowed Priority Tax Claim shall receive in full satisfaction of such Allowed Priority Tax Claim (i) payment in Cash equal to the unpaid portion of such Allowed Priority Tax Claim on the Effective Date, (ii) over a period through the fifth anniversary of the Petition Date, deferred cash payments in an aggregate amount equal to such Allowed Priority Tax Claim, plus interest on such aggregate amount over such period or (iii) such other treatment as to which the applicable Debtor, as the case may be, and such Holder shall have agreed upon in writing.

4. DIP Credit Agreement Claims

All DIP Credit Agreement Claims have been paid in full in Cash and satisfied in full prior to the date hereof.

III. TREATMENT AND CLASSIFICATION OF CLAIMS AND INTERESTS

The categories of Claims and Interests listed below classify Claims and Interests for all purposes, including voting, Confirmation and Distribution pursuant hereto and pursuant to Sections 1122 and 1123(a)(1) of the Bankruptcy Code.

RIH Propco is a wholly owned subsidiary of RIH Acquisitions. RIH Propco has no assets or liabilities, other than as a party to a unitary lease with RIH Acquisitions. Pursuant to that lease, all the real estate associated with the Atlantic Club Casino, as well as its non-gaming furniture, fixtures and equipment, are leased by RIH Acquisitions to RIH Propco, and leased back by RIH Propco to RIH Acquisitions. There are no intercompany claims by and between RIH Acquisitions and RIH Propco associated with the unitary lease. As such, the Classes of Claims and Interests set forth below apply only to RIH Acquisitions.

Class & Description	Estimated Allowed Claims	Treatment	Estimated Recovery to Holders of Allowed Claims
Class 1: Miscellaneous Secured Claims	Estimated at \$0	<i>Unimpaired.</i> The Holder of each Allowed Miscellaneous Secured Claim shall receive at the discretion of the Liquidation Trustee from the Plan assets: (i) Cash in an amount equal to the lesser of (a) the amount of the Allowed Miscellaneous Secured Claim and (b) the value of the Debtors' property securing such Allowed Miscellaneous Secured Claim or (ii) the property securing such Allowed Miscellaneous Secured Claim.	100%
Class 2: Priority Non-Tax Claims	Estimated at \$0	<i>Unimpaired.</i> Except to the extent that a Holder of an Allowed Priority Non-Tax Claim has been paid by the Debtors prior to the Effective Date or has previously agreed or agrees to a different treatment by stipulation or otherwise, each Holder of an Allowed Priority Non-Tax Claim shall receive, in full and complete satisfaction, settlement and release of such Holder's Allowed Priority Non-Tax Claim, Cash in an amount equal to such Allowed Priority Non-Tax Claim as soon as reasonably practicable after the Effective Date or, to the extent such Priority Non-Tax Claim is not an Allowed Priority Non-Tax Claim on the Effective Date, within thirty (30) days following allowance of such Allowed Priority Non-Tax Claim.	100%

Class & Description	Estimated Allowed Claims	Treatment	Estimated Recovery to Holders of Allowed Claims
Class 3: General Unsecured Claims	\$8,652,216.13 ¹	<i>Impaired – Entitled to Vote.</i> Except to the extent that a Holder of an Allowed General Unsecured Claim agrees to less favorable treatment, each Holder of an Allowed General Unsecured Claim shall receive its Pro Rata Share of the Liquidation Trust Assets after the Liquidation Trust Assets have been liquidated and after all costs and expenses of the Liquidation Trust have been paid in full.	Between 0% and 28% ²
Class 4: Equity Interests	N/A	<i>Impaired – Deemed to Reject.</i> Interests in the Debtors shall be cancelled and extinguished without any distribution.	0%

¹ The general bar date, administrative expense claim bar date, and Section 503(b)(9) claim bar date in the Debtors’ Chapter 11 Cases is March 12, 2014. The Debtors have not commenced the process of reviewing the filed proofs of Claim. The Debtors expect that based on their books and records, certain proofs of Claim filed in these Chapter 11 Cases will be objectionable. The Debtors, however, have not completed their analysis of the proofs of Claim in these Chapter 11 Cases prior to the filing of this Disclosure Statement and there can be no assurances of the exact amount of the Allowed Claims at this time. Accordingly, these amounts represent estimated Allowed Claims, and do not represent amounts actually asserted by creditors in proofs of claim or otherwise. Therefore, the actual amount of the Allowed Claims may be greater or lower than estimated. The Debtors are aware that D.N.J. LBR 3016-2(a) requires Debtors’ counsel to review all proofs of Claim filed as of the bar dates before filing a Disclosure Statement. As stated above, the Debtors have not commenced the process of reviewing all proofs of Claim to identify the Claims to which the Debtors may object, but intend to complete that process after the March 12, 2014 bar date. The Debtors are confident that the amount of the Claims listed on the Schedules are accurate, so that to the extent a proof of Claim differs from the Debtors’ Schedules, the Holder of the Claim should expect that the Debtors may object to that Claim. Lastly, the estimate of Allowed Class 3 General Unsecured Claims does not include any amount for the disputed and unliquidated claims likely to be filed for withdrawal liability.

² The estimated percentage recovery is based upon, among other things, an estimate of the Allowed Claims in the Chapter 11 Case. As set forth in footnote 1 above, the actual amount of the Allowed Claims may be greater or lower than estimated. Thus, the actual recoveries may be higher or lower than projected depending upon, among other things, the amounts and priorities of Claims that are actually Allowed by the Bankruptcy Court.

IV. GENERAL INFORMATION ON CONFIRMATION PROCEDURE AND VOTING

1. **Confirmation Hearing.** To confirm the Plan, the Bankruptcy Court must hold a hearing to determine whether the Plan meets the requirements of the Bankruptcy Code (the “Confirmation Hearing”). The Bankruptcy Court has scheduled the Confirmation Hearing for April 14, 2014, at 10:00 a.m. (ET).

2. **Objections to Confirmation.** Any party in interest may object to confirmation of the Plan and appear at the Confirmation Hearing to pursue such objection. The Bankruptcy Court has set April 7, 2014, at 5:00 p.m. (ET) as the deadline for filing and serving objections. Objections to confirmation must be filed with the Bankruptcy Court and served via regular mail on the following parties:

Cole, Schotz, Meisel, Forman & Leonard, P.A.
25 Main Street, Court Plaza North
Hackensack, New Jersey 07601
Attn: Michael D. Sirota, Esq.
E-mail: msirota@coleschotz.com
Fax: 201-678-6262

Klehr Harrison Harvey Branzburg LLP
1835 Market Street, Suite 1400
Philadelphia, Pennsylvania 19103
Attn: Morton R. Branzburg, Esq.
E-mail: MBranzburg@klehr.com
Fax: 215-568-6603

3. Approval of the Plan and Confirmation Hearing. To confirm the Plan, the Bankruptcy Court must hold the Confirmation Hearing to determine whether the Plan meets the requirements of Section 1129 of the Bankruptcy Code.

4. Requirements. The requirements for Confirmation of the Plan are set forth in Section 1129 of the Bankruptcy Code. The requirements for the Disclosure Statement are set forth in Section 1125 of the Bankruptcy Code.

5. Effect of Confirmation. Except as otherwise provided in the Plan or in the Confirmation Order, confirmation will enable the Liquidation Trustee to administer the Debtors' remaining assets in accordance with the Plan and the Liquidation Trust Agreement. Confirmation serves to make the Plan binding upon the Debtors, all Creditors, Interest Holders and other parties-in-interest, regardless of whether they cast a Ballot to accept or reject the Plan.

6. Impaired Claims or Interests. Pursuant to Section 1126 of the Bankruptcy Code, only the Holders of Claims in Classes "Impaired" by the Plan and receiving a payment or distribution under the Plan may vote on the Plan. Pursuant to Section 1124 of the Bankruptcy Code, a Class of Claims may be "Impaired" if the Plan alters the legal, equitable or contractual rights of the Holders of such Claims or Interests treated in such Class. The Holders of Claims not Impaired by the Plan (Class 1 – Miscellaneous Secured Claims and Class 2 – Allowed Priority Non-Tax Claims) are deemed to accept the Plan and do not have the right to vote on the Plan. The Holders of Claims or Interests in any Class which will not receive any payment or distribution or retain any property pursuant to the Plan (Class 4 – Equity Interests) are deemed to reject the Plan and do not have the right to vote.

7. Eligibility to Vote on the Plan. Unless otherwise ordered by the Bankruptcy Court, only Record Holders of Allowed Class III Claims may vote on the Plan. In order to vote on the Plan, you must hold a Class III Claim and have timely filed a proof of Claim or have a Claim that is identified on the Debtors' Schedule of Assets and Liabilities (the "Schedules") that is not listed as disputed, unliquidated or contingent, or be the holder of a Claim that has been temporarily Allowed for voting purposes only under Bankruptcy Rule 3018(a).

8. Solicitation Package. Each person entitled to vote to accept or reject the Plan is being provided with (1) this Disclosure Statement; (2) the Plan; (3) notice of the Confirmation Hearing and objection deadline; (4) an appropriate ballot to be used in voting to accept or reject the Plan; and (5) a pre-addressed return envelope. Any person who receives this Disclosure Statement but does not receive a ballot, and who believes that he/she is entitled to vote to accept or reject the Plan or who believes he/she received an incorrect ballot, should contact Kurtzman Carson Consultants, LLC at the address or telephone number set forth in this Disclosure Statement. To ensure your vote is counted you must (i) complete the Ballot, (ii) indicate your decision either to accept or reject the Plan in the boxes provided on the Ballot, and (iii) sign and return the Ballot to the address set forth on the Ballot (please note that envelopes and prepaid postage have not been included with the Ballot). **BALLOTS SENT BY FACSIMILE TRANSMISSION ARE NOT ALLOWED AND WILL NOT BE COUNTED.**

9. Procedure/Voting Deadlines. In order for your ballot to count, you must complete, date, sign and properly mail the enclosed ballot (please note that envelopes have been included with the ballot) to the balloting agent at the following address:

**RIH Acquisitions NJ, LLC Ballot Processing Center
c/o KCC
2335 Alaska Avenue
El Segundo, California 90245**

The balloting agent must RECEIVE original ballots by mail or overnight delivery on or before **April 7, 2014, at 5:00 p.m.** (prevailing Eastern Time) (the “**Voting Deadline**”). Except as otherwise provided, you may not change your vote once the balloting agent receives your ballot.

Any ballot that is timely received, that contains sufficient information to permit the identification of the claimant and that is cast as an acceptance or rejection of the Plan will be counted and will be deemed to be cast as an acceptance or rejection, as the case may be, of the Plan.

The following ballots will not be counted or considered for any purpose in determining whether the Plan has been accepted or rejected:

- (a) any ballot received after the Voting Deadline, unless the Debtors grant an extension of the Voting Deadline with respect to such ballot;
- (b) any ballot that is illegible or contains insufficient information to permit the identification of the claimant;
- (c) any ballot cast by a person or entity that does not hold a Claim in a class that is entitled to vote to accept or reject the Plan;
- (d) any ballot cast for a Claim designated as unliquidated, contingent or disputed or as zero or unknown in amount and for which no Rule 3018(a) motion has been filed by the Rule 3018(a) motion deadline;
- (e) any ballot timely received that is cast in a manner that indicates neither acceptance nor rejection of the Plan or that indicates both acceptance and rejection of the Plan;
- (f) any unsigned ballot; or
- (g) any ballot that is electronically submitted.

10. Acceptance of the Plan. As a Creditor, your acceptance of the Plan is important. In order for the Plan to be accepted by an Impaired Class of Claims, a majority in number and two-thirds in dollar amount of the Claims voting (of each Impaired Class of Claims) must vote to accept the Plan. At least one impaired Class of Creditors, excluding the votes of insiders, must actually vote to accept the Plan. **YOU ARE URGED TO COMPLETE, DATE, SIGN AND PROMPTLY MAIL THE BALLOT ATTACHED TO THE NOTICE. PLEASE BE SURE TO COMPLETE THE BALLOT PROPERLY AND LEGIBLY IDENTIFY THE EXACT AMOUNT OF YOUR CLAIM AND THE NAME OF THE CREDITOR.**

11. Additional Information. Any questions regarding (1) voting procedures, (2) the solicitation package accompanying this Disclosure Statement, (3) the amount of a Claim, or (4) a request for an additional copy of the Plan, Disclosure Statement or any Exhibits to such documents should be directed to:

**Kurtzman Carson Consultants, LLC
2335 Alaska Avenue
El Segundo, California 90245
T: (888) 726-6510**

V. MEANS FOR IMPLEMENTATION OF THE PLAN

1. Sale of Assets and Funding of Distributions Under the Plan

Prior to the Effective Date, the Debtors consummated the Sale Transaction pursuant to the Asset Purchase Agreements and Sale Orders. The Sale Proceeds Cash and other Cash held by the Debtors shall be used to fund the Reserves and Distribution(s) to be made pursuant to the Plan in the following order of priority:

(i) Reserves. First, prior to the Effective Date, to the extent not previously funded, the Sale Proceeds Cash and other Cash held by the Debtors shall be used to fund the Reserves with Cash sufficient to pay in full all Allowed Administrative Expense Claims, Allowed Professional Compensation and Reimbursement Claims, Allowed Priority Non-Tax Claims and Allowed Miscellaneous Secured Claims (to the extent payable in Cash). The amount of the Reserves shall be determined and mutually agreed to by the Debtors and the Committee and shall be set forth in the Confirmation Order.

(ii) Priority Tax Claims. Second, on the Effective Date, the remaining Sale Proceeds Cash and other Cash held by the Debtors after funding of the Reserves shall be used to pay any Allowed Priority Tax Claims or establish a reserve for any such Allowed Priority Tax Claims. The amount of the reserve shall be determined and mutually agreed to by the Debtors and the Committee and shall be set forth in the Confirmation Order.

(iii) To the extent any Cash remains in the Reserves or in any Priority Tax Claim reserve after the allowance and payment in full of all Allowed Administrative Expense Claims, Allowed Professional Compensation and Reimbursement Claims, Allowed Priority Non-Tax Claims, Allowed Priority Tax Claims and Allowed Miscellaneous Secured Claims, as applicable, such excess Cash shall be distributed to the Liquidation Trust.

2. Dissolution of the Debtors

Upon the entry of a Final Order upon motion of the Liquidation Trust closing these Chapter 11 Cases or upon an earlier date selected at the discretion of the Liquidation Trustee, the Debtors shall dissolve or otherwise terminate their existence and all officers and directors of the Debtors, shall be deemed to have resigned and shall be released and discharged from any further duties and responsibilities in such capacities in accordance with applicable laws. The Confirmation Order shall constitute the finding and order of the Bankruptcy Court, binding on all creditors and other parties-in-interest, that: (a) the Debtors are due to be dissolved upon the entry of a Final Order closing these Chapter 11 Cases in accordance with applicable law and without further action or proceedings (by stockholders, officers, directors or otherwise) or further filing, amendment or restatement of articles of incorporation; (b) to the extent necessary, the Liquidation Trustee is authorized and directed to cause such dissolution without further action or proceedings or further filings, amendments, or restatement of the underlying corporate or constitutional documents of the Debtors; and (c) a copy of the Confirmation Order, filed as an

exhibit to any state or federal dissolution papers, shall satisfy any requirement under applicable statutes or other applicable non-bankruptcy law regarding the authorization of the dissolution of the Debtors.

3. Establishment of Liquidation Trust and Vesting of Liquidation Trust Assets

On or prior to the Effective Date, the Debtors will execute the Liquidation Trust Agreement and will take all other steps necessary to establish the Liquidation Trust. On the Effective Date, and in accordance with and pursuant to the terms of the Plan, the Debtors will transfer to the Liquidation Trust all of their rights, title and interests in all of the Liquidation Trust Assets free and clear of all Claims and interests and under the control of the Liquidation Trust. To the extent necessary, the Debtors are authorized and directed to take all necessary actions to effectuate the transfer of such rights, title and interests to the Liquidation Trust. The Liquidation Trust Assets shall be administered in accordance with the Liquidation Trust Agreement and the Plan. The Liquidation Trustee shall be selected prior to the Effective Date and shall be compensated for its services from the Liquidation Trust Assets as further disclosed in the Plan Supplement.

In connection with any Causes of Action that are included in the Liquidation Trust Assets, any attorney-client privilege, work-product privilege, or other privilege or immunity attaching to any documents or communications related thereto (whether written or oral) shall also exist for the benefit of the Liquidating Trust and shall vest in the Liquidating Trust and its representatives, and shall also be preserved for and as to the Debtors. The Liquidating Trustee is authorized to take all necessary actions to benefit from such privileges.

The Liquidation Trustee shall be appointed and shall serve as the sole director and officer of the Debtors until the Debtors are dissolved. All other directors and officers of the Debtors serving as of the Effective Date shall be deemed to have resigned as of the Effective Date and shall have no further duties and responsibilities in such capacity. Upon entry of the Confirmation Order, all matters provided under the Plan involving the corporate structure of the Debtors shall be deemed authorized and approved without any requirement of further action by the Debtors or their shareholders, directors or officers.

4. Purpose of the Liquidation Trust

The Liquidation Trust will be established for the primary purpose of liquidating the Liquidation Trust Assets with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Liquidation Trust. The Debtors will have no reversionary or further interest in or with respect to the Liquidation Trust Assets or the Liquidation Trust upon their transfer of the Liquidation Trust Assets to the Liquidation Trust on the Effective Date. For all federal income tax purposes, the beneficiaries of the Liquidation Trust will be treated as grantors and owners thereof and it is intended that the Liquidation Trust be classified as a liquidating trust under 26 C.F.R. § 301.7701-4 and that the Liquidation Trust is owned by the beneficiaries. For federal income tax purposes, it is intended that the beneficiaries be treated as if they had received a distribution of an undivided interest in the Liquidation Trust Assets and then contributed such interests to the Liquidation Trust.

The Liquidation Trust will use reasonable efforts to attempt to liquidate the non-Cash Liquidation Trust Assets and to undertake the other functions reserved for the Liquidation Trust

after the Effective Date. At the direction of, and in the sole discretion of the Liquidation Trustee, except as otherwise provided in the Liquidation Trust Agreement, the Liquidation Trust shall make distributions of any Liquidation Trust Assets consisting of Cash to the beneficiaries in accordance with the Plan. The Liquidation Trust will not be deemed a successor in interest of the Debtors for any purpose other than as specifically set forth herein or in the Liquidation Trust Agreement. The Liquidation Trust is intended to qualify as a “grantor trust” for federal income tax purposes with the beneficiaries treated as grantors and owners of the trust.

The right and power of the Liquidation Trustee to invest the Liquidation Trust Assets transferred to the Liquidation Trust, the proceeds thereof, or any income earned by the Liquidation Trust, shall be limited to the right and power to invest such Liquidation Trust Assets (pending distributions in accordance with the Plan) shall be limited to include only those investments that a liquidating trust, within the meaning of Treas. Reg. § 301.7701-4(d), may be permitted to hold, pursuant to the Treasury Regulations, or any modification in the IRS guidelines, whether set forth in IRS rulings, other IRS pronouncements, or otherwise.

5. Duties, Rights and Powers of the Liquidation Trustee

The Liquidation Trustee, together with its representatives and professionals, in such capacity, shall be vested with any and all powers and authority necessary to implement the Plan and wind up the business and affairs of the Debtors, including, without limitation and subject to the terms of the Liquidation Trust Agreement: (i) serving as the sole officer and director of each of the Debtors; (ii) liquidating and/or abandoning Liquidation Trust Assets; (iii) investing Cash; (iv) taking all steps to execute all instruments and documents necessary to effectuate distributions out of the Reserves; (v) paying Allowed Administrative Expense Claims, Allowed Professional Compensation and Reimbursement Claims, Allowed Priority Non-Tax Claims, Allowed Priority Tax Claims and Allowed Miscellaneous Secured Claims as contemplated by the Plan; (vi) employing, retaining, terminating or replacing professionals to represent it with respect to its responsibilities or otherwise effectuating the Plan to the extent necessary; (vii) paying any and all reasonable fees and expenses of the Liquidation Trust; (viii) administering and paying taxes, including filing tax returns; (ix) requesting an expedited determination of any unpaid tax liability under Section 505 of the Bankruptcy Code; (x) representing the interests of the Debtors or the Liquidation Trust before any taxing authority in all matters, including any action, suit, proceeding or audit; (xi) taking all steps reasonably necessary and practicable to terminate the corporate existence of the Debtors; (xii) interfacing and taking all necessary actions required of the Debtors with the regulatory and gaming authorities and carrying out the applicable gaming regulatory obligations set forth more fully in Article XII of the Plan; (xiv) exercising such other powers as may be vested in it pursuant to order of the Bankruptcy Court or the Plan, or as it reasonably deems to be necessary and proper to carry out the provisions and the intent of the Plan; (xv) maintaining the full right, power, and discretion to manage the Liquidation Trust Assets, and execute, acknowledge and deliver any and all instruments with respect thereto, as it deems appropriate or necessary in its discretion and to effectuate its obligations under the Plan and the Liquidation Trust Agreement; (xvi) administering the collection, prosecution, settlement and/or abandonment of the Causes of Action and the Other Causes of Action in its sole discretion on behalf of and for the benefit of the beneficiaries of the Liquidation Trust; (xvii) administering and where the amount in dispute is less than \$500,000, compromising, settling, and/or resolving General Unsecured Claims without approval of the Bankruptcy Court or litigate to Final Order if necessary any Disputed General Unsecured

Claims; (xviii) administering and where the amount in dispute is less than \$500,000, compromising, settling, resolving and making Distributions to the Holders of Claims other than General Unsecured Claims to the extent such Claims are not Allowed prior to the Effective Date without approval of the Bankruptcy Court or litigate to Final Order if necessary any Disputed Claims; (xix) making interim and final Distributions to Holders of Allowed General Unsecured Claims; (xx) filing all tax and regulatory forms, returns, reports and other documents required under the law with respect to the Liquidation Trust; and (xxi) filing suit or any appropriate motion for relief in the Bankruptcy Court or in any other court of competent jurisdiction to resolve any disagreement, conflict, dispute or ambiguity in connection with the exercise of its rights, powers, or duties.

6. Dissolution of the Committee

On the Effective Date, the Committee shall be dissolved and the members thereof shall be released and discharged of and from all further authority, duties, responsibilities and obligations to and arising from and in connection with the Chapter 11 Cases.

7. Closing of the Debtors' Chapter 11 Cases

When the business and affairs of the post-confirmation Estates have been otherwise wound up, the Liquidation Trust shall seek authority from the Bankruptcy Court to close the Chapter 11 Cases in accordance with the Bankruptcy Code and Bankruptcy Rules.

8. Settlement of Claims and Controversies

Pursuant to Bankruptcy Rule 9019, and in consideration for the classification, distribution, releases and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims or controversies resolved pursuant to the Plan. All Distributions, except for interim Distributions, made to creditors holding Allowed Claims in any Class are intended to be and shall be final.

9. Professionals; Exculpation; Indemnification

The Liquidation Trust may retain and compensate professionals in accordance with the Liquidation Trust Agreement, including professionals who have been or are currently retained as Estate professionals to provide continuity and assist in the activities of the Liquidation Trust in accordance with the terms of the Liquidation Trust Agreement. The Liquidation Trust, the Liquidation Trustee, and the professionals retained by the Liquidation Trust and their representatives shall not be liable for any act or omission of any other member, designee, agent, or representative of such Persons, nor shall such Persons be liable for any act or omission taken or not taken in their capacities for the Liquidation Trust other than for specific acts or omissions resulting from such Persons' willful misconduct, gross negligence or fraud. The Liquidation Trustee may, in connection with the performance of his functions, and in his sole and absolute discretion, consult with his attorneys, accountants, financial advisors and agents, and shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such entities, regardless of whether such advice or opinions are provided in writing. Notwithstanding such authority, the Liquidation Trustee shall not be under any obligation to consult with his attorneys, accountants, financial advisors, and agents, and his determination not to do so shall not result in the imposition of liability on the Liquidation Trustee and/or the professionals retained by the Liquidation Trust and their representatives, unless such

determination is based on willful misconduct, gross negligence, or fraud. The Liquidation Trust shall indemnify and hold harmless the Liquidation Trustee and the professionals retained by the Liquidation Trust and their representatives from and against and in respect of all liabilities, losses, damages, claims, costs, and expenses (including, without limitation, reasonable attorney's fees, disbursements, and related expenses), which such Persons may incur or to which such Persons may become subject to in connection with any action, suit, proceeding, or investigation brought by or threatened against such Persons arising out of or due to their acts or omissions or consequences of such acts or omissions, with respect to the implementation or administration of the Liquidation Trust or the Plan or the discharge of their duties hereunder; provided, however, that no such indemnification will be made to such Persons for actions or omissions as a result of their willful misconduct, gross negligence, or fraud.

10. Termination of Liquidation Trust

The Liquidation Trust will terminate in accordance with the terms of the Liquidation Trust Agreement.

11. Books and Records

Upon the Effective Date, and subject to the regulatory requirements dealing with the storage and retention of the Debtors' digital and hard copy records addressed in Article XII, Section 6 of the Plan, the Debtors shall transfer all of the Debtors' books and records in their possession, if any, relating to the conduct of the Debtors' business prior to the Effective Date or relating to any of the Liquidation Trust Assets to the Liquidation Trust.

12. Termination and Replacement of the Liquidation Trustee

The duties, responsibilities and powers of the Liquidation Trustee will terminate in accordance with the terms of the Liquidation Trust Agreement. The Liquidation Trust Agreement shall also include the procedure for appointing a replacement Liquidation Trustee.

VI. PROVISIONS GOVERNING DISTRIBUTIONS

1. Timing and Delivery of Distributions on Account of General Unsecured Claims

Except as otherwise provided herein or as ordered by the Bankruptcy Court or to the extent that any Holder of an Allowed General Unsecured Claim agrees to different treatment, distributions to be made on account of Allowed General Unsecured Claims as of the Effective Date shall be made on the Initial Distribution Date or as soon thereafter as is practicable by the Liquidation Trustee. No distributions shall be made on account of any Disputed General Unsecured Claims unless and until such General Unsecured Claim has become an Allowed General Unsecured Claim. Distributions on account of any General Unsecured Claim that first becomes an Allowed General Unsecured Claim after the Effective Date shall be made on the first Distribution Date after the end of the calendar quarter in which such Claim becomes an Allowed Claim. Any payment or distribution required to be made under the Plan on a day other than a Business Day shall be made on the next succeeding Business Day. The Liquidation Trustee shall establish procedures for distributing funds to Holders of Allowed General Unsecured Claims, including, without limitation, the establishment of any disputed claims reserve and the making of any initial, subsequent and final distributions.

2. Objections to and Resolution of Disputed Claims

After the Effective Date, the Liquidation Trust shall have the sole right and authority to file, settle, compromise, withdraw or litigate to judgment objections to Claims. The Liquidation Trustee shall have the authority to settle or otherwise resolve any Claims without approval or order of the Bankruptcy Court or notice to any party except the affected Holder of the Claim; provided, however, that the Liquidation Trust may seek relief before the Bankruptcy Court with respect to any Disputed Claim and all objections in that instance shall be litigated to the entry of a Final Order.

Any Claim that has been paid, satisfied or superseded may be expunged from the Claims Register by the direction from the Liquidation Trustee and without the need for an Order of the Bankruptcy Court, and any Claim that has been amended may be adjusted on the Claims Register.

3. Estimation of Claims

After the Effective Date, the Liquidation Trust may at any time request that the Bankruptcy Court estimate, or establish procedures for the estimation or arbitration of, any contingent Claim, unliquidated Claim or disputed Claim pursuant to Section 502(c) of the Bankruptcy Code regardless of whether any of the Debtors or any other Person previously objected to such Claim, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time. In the event that the Bankruptcy Court estimates any contingent Claim, unliquidated Claim or disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Liquidation Trust may pursue supplementary proceedings to object to the allowance of such Claim. All of the aforementioned objection, estimation and resolution procedures are intended to be cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

4. Time-Barred Claims and Amendments to Claims

Except as otherwise agreed by the Debtors, any and all Proofs of Claim filed after the applicable First Administrative Expense Claim Bar Date, Section 503(b)(9) Administrative Expense Claim Bar Date or General Unsecured Claim Bar Date, as applicable, shall be deemed disallowed and expunged as of the Effective Date without any further notice to or action, order or approval of the Bankruptcy Court, and Holders of such Claims may not receive any distributions on account of such Claims, unless such late Proof of Claim is deemed Allowed by a Final Order. On or after the Effective Date, except as otherwise provided herein, a Claim may not be amended without the prior authorization of the Bankruptcy Court, and any such amended Claim filed shall be deemed disallowed and expunged without any further notice to or action, order or approval of the Bankruptcy Court.

5. Interest on Distributions

Except as otherwise specifically provided for in the Plan, the Confirmation Order or any other order of the Bankruptcy Court, or as otherwise required by applicable bankruptcy or on bankruptcy law, post-petition interest shall not accrue or be paid on any Claims and no Holder of

a Claim shall be entitled to the payment of interest accruing on or after the Petition Date on any Claim. To the extent that a Disputed Claim becomes an Allowed Claim after the Effective Date, the Holder of such Claim shall not be entitled to any interest thereon.

6. Delivery of Distributions

Cash distributions by check shall be mailed to each Holder of an Allowed Claim that is entitled to such distributions under the Plan at the distribution address of such creditor on its Proof of Claim or at the address of such creditor in the Debtors' Schedules and/or books and records. If any Claim Holder's distribution is returned as undeliverable, no further distributions to such Holder shall be made unless and until the Liquidation Trustee is notified of such Holder's then current address, at which time all missed distributions shall be made to such Holder without interest. Any notification of a Claim Holder's then current address must be received by the Liquidation Trust within ninety (90) days after the distribution was originally made, after which time such Claim Holder's distribution shall be forfeited and treated as an unclaimed distribution in accordance with Article VI of the Plan. Nothing in the Plan shall require the Liquidation Trust to attempt to locate any Holder of an Allowed Claim.

7. Unclaimed Distributions

With the exception of patron funds held on deposit by the Debtors, which are addressed in Article XII, Section 4 of the Plan, all distributions (i) made under the Plan that are unclaimed for a period of one hundred twenty (120) days after the distribution thereof shall be deemed unclaimed property under Section 347(b) of the Bankruptcy Code and any entitlement of any Holder of any Claims to such distributions shall be forfeited, extinguished and forever barred. Any such unclaimed distributions shall (a) with respect to Class III - General Unsecured Claims be returned to the Liquidation Trust to be distributed in accordance with the Liquidation Trust Agreement; or (b) with respect to all other Classes of Claims and unclassified Claims, be distributed in accordance with Article V.1(iii) of the Plan.

8. Means of Cash Payment

Cash distributions made pursuant to the Plan shall be in United States funds, by check drawn on a bank, or, if either of the Liquidation Trust or the Claim Holder so elect, by wire transfer from a bank.

9. Minimum Distributions

With the exception of patron funds held on deposit by the Debtors, which are addressed in Article XII, Section 4 of the Plan, if the amount of cash to be distributed to the Holder of an Allowed Claim is less than twenty five dollars (\$25) on a Distribution Date, the Liquidation Trustee may hold the cash distributions to be made to such Holder until the aggregate amount of cash to be distributed to such Holder is in an amount equal to or greater than twenty five dollars (\$25). If the amount of cash distribution to any Holder of an Allowed Claim never aggregates more than twenty five dollars (\$25), then the Liquidating Trustee shall not be required to distribute cash to any such Holder, and the resultant savings shall revert to the Liquidating Trust, to be distributed pro rata to other Holders of Allowed Claims on the next Distribution Date or to be distributed pursuant to the Liquidation Trust Agreement.

10. Compliance with Tax Requirements

In connection with the consummation of the Plan, the Liquidation Trust shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all distributions hereunder shall be subject to any such withholding and reporting requirements. Notwithstanding the foregoing, each Holder of an Allowed Claim that is to receive a distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on such Holder by any governmental unit, including income, withholding and other tax obligations, on account of such distribution. The Liquidation Trustee shall be entitled in its sole discretion to withhold any distributions to a Holder of an Allowed Claim that fails to provide tax identification or social security information upon written request and such distribution shall be treated as an Unclaimed Distribution pursuant to Article VI of the Plan.

11. Distribution Record Date

The Liquidation Trust shall have no obligation to recognize the transfer of, or the sale of any participation in, any Allowed Claim that occurs after the close of business on the Distribution Record Date, and shall be entitled for all purposes hereof to recognize and make distributions only to those Holders of Allowed Claims that actually held such Claims as of the close of business on the Distribution Record Date.

12. Fractional Cents

When any payment of a fraction of a cent would otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole cent (rounding down in the case of less than \$0.005 and rounding up in the case of \$0.005 or more).

VII. CONDITIONS TO CONFIRMATION AND EFFECTIVENESS

1. Conditions to Confirmation

The following are conditions precedent to the occurrence of confirmation of the Plan, each of which may be satisfied or waived.

(a) The Bankruptcy Court shall have entered an order, in a form reasonably acceptable to the Debtors, approving the adequacy of the Disclosure Statement; and

(b) The Confirmation Order approving and confirming the Plan, as such Plan may have been modified, amended or supplemented, shall have been entered.

2. Conditions to Plan Effectiveness

Notwithstanding anything herein to the contrary, the Plan may not be consummated, and the Effective Date shall not occur, unless and until each of the following conditions shall have been either satisfied or waived:

- (a) The Court has entered the Confirmation Order in form and substance satisfactory to the Debtors;
- (b) The Confirmation Order is a Final Order;
- (c) All documents, instruments and agreements, in form and substance satisfactory to the Debtors or other party thereto, provided for under or necessary to implement the Plan have been executed and delivered by the parties thereto, unless such execution or delivery has been waived by the parties benefited thereby;
- (d) The Reserves calculated as of the Effective Date have been funded; and
- (e) The Debtors shall have received all authorizations, consents, regulatory approvals, rulings, opinions or other documents that are determined by the Debtors to be necessary to implement the Plan.

3. Waiver of Conditions

The Debtors, in consultation with the Committee, may waive any of the conditions set forth in this Article VII of the Plan. The failure to satisfy any condition may be asserted by the Debtors regardless of the circumstances giving rise to the failure of such condition to be satisfied. If the Debtors fail to assert the non-satisfaction of any such conditions, such failure shall not be deemed a waiver of any other rights thereunder.

4. Notice of Effective Date

On or as reasonably practicable after the Effective Date, the Debtors shall mail or cause to be mailed to all Holders of Claims or Interests, and served upon all interested parties that have appeared in the Debtors' bankruptcy case or otherwise identified in their Schedules, a notice that informs such Persons of (a) the entry of the Confirmation Order, (b) the occurrence of the Effective Date, (c) notice of unexpired bar dates or bar dates triggered by the confirmation or effectiveness of the Plan; and (d) such other matters as may be appropriate or as may be ordered by the Bankruptcy Court.

5. Effect of Non-Occurrence of Effective Date

If each of the conditions to the effectiveness of the Plan have not been satisfied or waived within one-hundred twenty (120) calendar days after the Confirmation Date (as such date may be agreed to by the Debtors and the Committee), then: (i) the Confirmation Order shall be vacated and of no further force or effect; (ii) no Distributions under the Plan shall be made; (iii) the Debtors and all Holders of Claims against or Interests in the Debtors shall be restored to the status quo as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred; and (iv) all of the Debtors' obligations with respect to Claims and Interests shall remain unaffected by the Plan and nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors, and the Plan shall be deemed withdrawn. Upon such

occurrence, the Debtors shall File a written notification with the Bankruptcy Court and serve it upon such parties as the Bankruptcy Court may direct

VIII. TREATMENT OF EXECUTORY CONTRACTS AND LEASES

1. Contracts and Leases Not Specifically Assumed and Assigned, or Previously Rejected, Are Rejected

All unexpired leases and executory contracts of the Debtors not previously expressly assumed and assigned as part of the Sale Transaction, rejected or terminated by order of the Bankruptcy Court or by the terms of any such unexpired lease or executory contract, shall be deemed rejected on the Effective Date. Notwithstanding anything to the contrary herein, any director or officer or errors or omissions policies running to the benefit of the Debtors, to the extent such contracts are executory contracts under Section 365 of the Bankruptcy Code, shall be assumed as of the Effective Date.

2. Bar Date for Filing Claims for Rejection Damages

If the rejection of an executory contract or unexpired lease by the Debtors pursuant to Article VIII of the Plan results in damages to the counterparty to such contract or lease, then a Claim for damages or any other amounts related in any way to such contract or lease shall be forever barred and shall not be enforceable against the Debtors, their successors and assigns or their property, unless a Proof of Claim is filed as prescribed in the applicable order rejecting such contract or lease, or if not otherwise prescribed in any such rejection order, then no later than thirty (30) days of the Effective Date.

3. Preexisting Obligations to the Debtors Under Executory Contracts and Unexpired Leases

Rejection or repudiation of any executory contract or unexpired lease pursuant to the Plan or otherwise shall not constitute a termination of preexisting obligations owed to the Debtors under such contract or lease as modified, amended, supplemented, or restated. In particular notwithstanding any non-bankruptcy law to the contrary, the Liquidation Trust expressly reserves and does not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties or continued maintenance obligations on goods previously purchased, or services previously received, by the contracting Debtors from counterparties to rejected or repudiated executory contracts or unexpired leases.

IX. EFFECTS OF CONFIRMATION OF THE PLAN

1. Exculpation

No Exculpated Party shall have or incur any liability to any Person from any and all claims and causes of action in connection with transactions or occurrences occurring on or after the Petition Date arising from, relating to, or in connection with, the Chapter 11 Cases, the Sale Transaction, or the formulating, negotiating, preparing, disseminating, implementing, administering, soliciting, confirming or consummating the Plan, the Disclosure Statement, the Confirmation Order, the Sale Transaction or any other contract or instrument, release or other agreement or document created or entered into solely in connection with the Plan or the Sale Transaction; provided, however, that the foregoing

“Exculpation” shall have no effect on the liability of any Exculpated Party that results from any such act or omission that is determined in a Final Order to have constituted gross negligence, willful misconduct or actual fraud; provided, further, however, that each Exculpated Party shall be entitled to rely on the advice of counsel with respect to his, her or its duties and responsibilities pursuant to, or in connection with, this Plan.

2. Compromise and Settlement of Claims, Equity Interests and Controversies

Notwithstanding anything contained herein to the contrary, the allowance, classification, and treatment of all Allowed Claims and their respective distributions and treatments hereunder takes into account and conforms to the relative priority and rights of the Claims in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, Section 510 of the Bankruptcy Code or otherwise. Pursuant to Bankruptcy Rule 9019, and in consideration for the classification, distribution, releases and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims or controversies resolved pursuant to the Plan. The Confirmation Order will constitute the Bankruptcy Court’s finding and determination that the settlements reflected in the Plan are: (i) in the best interests of the Debtors, their Estates, and all Holders of Claims; (ii) fair, equitable, and reasonable; (iii) made in good faith; and (iv) approved by the Bankruptcy Court pursuant to Section 363 of the Bankruptcy Code and Bankruptcy Rule 9019.

X. RETENTION OF JURISDICTION

1. Jurisdiction over Claims and Actions

The Court shall retain jurisdiction over the Chapter 11 Cases, including such jurisdiction as is necessary to ensure that the purposes and intent of the Plan are implemented. The Court shall also expressly retain jurisdiction for purposes of classification of Claims or Interests and to hear and determine all Claims against the Debtors or their estates, and hear and determine all objections as may be filed with respect to the Claims and Interests.

2. Retention of Jurisdiction

The Court shall retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Cases and the Plan, pursuant to Sections 105(c) and 1142 of the Bankruptcy Code, to the fullest extent permitted by law, including, without limitation, for the following purposes:

- (a) To resolve any matters related to the assumption and assignment or rejection of any executory contract or unexpired lease to which a Debtor is party or with respect to which a Debtor may be liable in any manner;
- (b) To determine any and all causes of action, Causes of Action, Other Causes of Action, adversary proceedings, applications and contested matters;
- (c) To allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Expense Claim and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims or Interests and to ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;
- (d) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated;
- (e) To issue orders in aid of execution and consummation of the Plan, to the extent authorized by Section 1142 of the Bankruptcy Code;
- (f) To consider any amendments to or modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Court, including the Confirmation Order;
- (g) To hear and determine all applications for compensation and reimbursement of expenses of Retained Professionals;
- (h) To decide and resolve any and all matters that may arise in connection with or relate to any previous order of the Bankruptcy Court and to enforce any such orders;
- (i) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan, the Confirmation Order, the Sale Orders, any transactions or payments contemplated in the foregoing, any agreement, instrument, or other document governing or relating to any of the foregoing or any settlement approved by the Bankruptcy Court;
- (j) To issue injunctions and effect any other actions that may be necessary or appropriate to restrain interference by any Person or Entity with the consummation, implementation or enforcement of the Plan, the Confirmation Order or any other order of the Bankruptcy Court;
- (k) To recover all assets of the Debtors, wherever located;

(l) To hear and determine matters concerning state, local and federal taxes in accordance with Sections 346, 505 and 1146 of the Bankruptcy Code (including any request by the Debtors or the Liquidation Trust for an expedited determination of tax under Section 505(b) of the Bankruptcy Code);

(m) To hear and determine all disputes involving the existence, scope and nature of the releases, injunctions and exculpations granted under the Plan, the Confirmation Order or the Bankruptcy Code;

(n) To resolve any disputes concerning the Liquidation Trust Agreement;

(o) To adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters;

(p) To ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

(q) To enter a final decree closing the Chapter 11 Cases; and

(r) To hear any other matter not inconsistent with the Bankruptcy Code, including the entry and implementation of orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the **Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement.**

XI. NOTICE PROVISIONS

1. Notice

Except as otherwise set forth in the Plan, all notices or requests in connection with the Plan shall be in writing and will be deemed to have been given when received by personal delivery, facsimile, e-mail, overnight courier or first class mail and addressed to:

If to the Debtors:

Cole, Schotz, Meisel, Forman & Leonard, P.A.
25 Main Street, Court Plaza North
Hackensack, New Jersey 07601
Attn: Michael D. Sirota, Esq.
E-mail: msirota@coleschotz.com
Fax: 201-678-6262

If to the Committee:

Klehr Harrison Harvey Branzburg LLP
1835 Market Street, Suite 1400
Philadelphia, Pennsylvania 19103
Attn: Morton R. Branzburg, Esq.

E-mail: MBranzburg@klehr.com
Fax: 215-568-6603

If to the Liquidation Trust or the Liquidation Trustee:

To be provided as part of the Plan Supplement.

2. Limitation on Notice

The Debtors shall give the following notice with regard to the following matters, which notice shall be deemed to be good and sufficient notice of such matters with no requirement for any additional or further notice.

(a) Notice of Entry of Confirmation Order and Effective Date

Notice of the entry of the Confirmation Order and the occurrence of the Effective Date shall be sufficient when filed with the Bankruptcy Court and mailed to all Holders of Claims and interests.

(b) Post-Confirmation Date Service

From and after the Effective Date, notices of appearances and demands for service of process filed with the Court before such date shall no longer be effective. After the Effective Date, no further notices shall be required to be sent to any entities or Persons, except to the Liquidating Trust, the U.S. Trustee and any creditor who files a renewed request for service of pleadings and whose Claim has not been fully satisfied.

(c) General Notice to Creditors

All notices and requests to creditors of any Class shall be sent to them at the addresses set forth on their Proofs of Claim or, if no proof of claim was filed, the address reflected in the Debtors' Schedules. Any creditor may designate in writing any other address for purposes of this Article, which designation shall be effective when filed with the Bankruptcy Court.

XII. GAMING REGULATORY REQUIREMENTS AND OBLIGATIONS

Although Debtors have ceased gaming operations, Debtors currently hold a casino license issued by the Commission. By way of Division Order PRN 3651301(C), the Division ruled that certain of Debtors planned business activities following the cessation of gaming operations and the closings in connection with the Tropicana Sale Order and Caesars Sale Order, including but not limited to, the sale of CRDA Bonds, the donation to CRDA of unallocated investment alternative tax payments previously made by Debtors, the refund of money held on deposit to patrons, the collection of counterchecks, the storage and retention of digital and hard copy records related to the prior business activities of Debtors, and the payment of gaming regulatory fees and taxes, may require regulatory compliance or licensure. Accordingly, the Division has required certain plan submissions by the Debtors (including the Plan) and the Division has ruled that the Debtors casino license will remain in effect with a surrender date to be decided by the Division, with notice to the Commission, in a further Order. The aforementioned business activities involve significant assets of the Debtors. Therefore, the Debtors are subject to certain gaming regulatory requirements and obligations which must be addressed as part of the Plan.

1. Qualification Of The Liquidation Trustee

Given the contemplated duties, rights and powers of the Liquidation Trustee (see, Section 5 of Article 5 of the Plan), so long as the Debtor's casino license has not been surrendered, the Liquidation Trustee will be required to submit to qualification under the Act and it will be the affirmative responsibility of the Debtors to establish by clear and convincing evidence that the Liquidation Trustee is qualified to act in that capacity and in accordance with the terms of the Liquidation Trust. To that end, the Liquidation Trustee is obligated to provide all information required by the Act and satisfy all requests for information pertaining to qualification in the form specified by the Division and/or Commission. Further, the Liquidation Trustee must produce such information, documentation and assurances as may be required to establish by clear and convincing evidence that the Liquidation Trustee possesses financial stability, integrity and responsibility and good character, honesty and integrity and is not unqualified by reason of the disqualification criteria set forth in the Act. The Liquidation Trustee will be required to waive liability as to the State of New Jersey, and its instrumentalities and agents, for any damages resulting from any disclosure or publication, of any material or information acquired during the qualification process. Unless and until the Debtors' casino license is surrendered, the Liquidation Trustee will have a continuing duty to provide any assistance or information required by the Division, and to cooperate in any inquiry, investigation or hearing conducted by the Division and any hearing conducted by the Commission. If the Liquidation Trustee is not a resident of the State of New Jersey, it may be necessary to seek a waiver of the residency requirement from the Commission.

2. Sale Of CRDA Bonds

The Debtors own and hold a number of bonds issued by the CRDA which entitle Debtors to a return of principal and interest over an extended number of years (the "**CRDA Bonds**"). The total principal of the CRDA Bonds is \$12,413,123 and the annual interest on the CRDA Bonds is \$536,978.62. The CRDA Bonds are long term instruments with varying maturity dates well into the future (the earliest maturity date is 12/01/24). The Debtors have begun a sale process for the CRDA Bonds. There can be no guaranty that the CRDA Bonds will be sold, but it is anticipated that the CRDA Bonds, or the proceeds from the sale of the CRDA Bonds, will be transferred to the Liquidation Trust and, to the extent that the CRDA Bonds have not been sold prior to the Effective Date, on the Effective Date, the Liquidation Trustee will assume oversight of the sale process for the CRDA Bonds.

3. The CRDA Donation

Pursuant to the requirements of the Act, and while Debtors engaged in gaming operations, Debtors made required payments of investment alternative tax ("**IAT**") to the State of New Jersey. In accordance with a securities purchase agreement with the CRDA and the requirements of the Act, the IAT can be used for three purposes: (a) the purchase of CRDA Bonds; (b) a direct investment in a project deemed eligible for a direct investment by CRDA; or (c) a donation to CRDA to help fund a public works project in exchange for a cash credit. On January 27, 2014, the Bankruptcy Court entered an Order approving Debtors' plan to donate available IAT to CRDA in exchange for a cash credit. On February 3, 2014, Debtors made the donation request to CRDA (as the Bankruptcy Court recognized in its January 27, 2014 Order, CRDA has sole discretion as to whether to grant a donation request). On February 25, 2014, the CRDA approved the donation application. Debtors have approximately \$1.75 million in

unallocated IAT eligible to be donated, which, as a consequence of the CRDA approval, will produce a cash credit to Debtors in the approximate amount of \$591,000.

4. Refund Of Money Held On Deposit To Patrons

While gaming operations took place, from time to time, patrons deposited funds with the Debtors to be held on account for future use by the patrons. Prior to ceasing gaming operations, Debtors attempted to refund all patron funds held on account, but there remains patron funds held on account not yet redeemed or claimed by patrons. By way of Division Order PRN 3651301(A), Debtors were required, on or before January 31, 2014, to submit an accounting to the Division of the patron funds Debtors held on deposit as of that date (\$55,458). The Division also ordered Debtors to designate an entity or individual to act as custodian of the patron funds held on deposit until such funds are claimed by patrons, with the custodial arrangement to be in place for a period of time to be established by the Division. In response, Debtors have designated Michael Romano, Corporate Vice President of Regulatory Compliance for Debtors, to act as the custodian of the patron funds. The Division has approved Mr. Romano to be the custodian and Mr. Romano has begun the effort to attempt to return the patron funds to the affected patrons. It is anticipated that the patron funds will be deposited in a trust account with Duane Morris LLP until claimed by patrons. The Division has not yet established a period of time that the custodial arrangement must stay in place, but it is anticipated that period of time will be at least ninety (90) days. To the extent the custodial arrangement extends beyond the Effective Date, the Liquidation Trustee will assume oversight of the custodian's efforts to return the patron funds held on account to the affected patrons.

5. Collection of Counterchecks

While gaming operations took place, from time to time, patrons established credit lines with Debtors for future gambling activity. Once the credit line was established, patrons could request a marker. In response to a marker request, if approved and consistent with the established credit line, patrons were provided with playing chips in the amount of the approved marker. In exchange for the playing chips, patrons provided Debtors with a signed countercheck. Upon the conclusion of gaming activity, the patron either bought back their marker from Debtors (i.e., paid Debtors an amount equal to the value of the playing chips advanced to the patron, with the payment often being a personal check) or Debtors presented the countercheck (which is legal tender) to the patron's bank to obtain funds in an amount equal to the value of the playing chips advanced to the patron. At the time gaming operations ceased, Debtors had counterchecks that were refused or returned due to insufficient funds. By way of Division Order PRN 3651301(A), Debtors were required, no later than January 31, 2014, to provide the Division with an accounting and reconciliation of the returned counterchecks. Debtors provided the Division with the countercheck accounting and reconciliation (\$8,959,753). Debtors have also advised the Division that they are in the process of engaging a law firm to begin collection efforts in connection with the returned counterchecks. On the Effective Date, the Liquidation Trustee will commence oversight of countercheck collections, including but not limited to, making decisions regarding payment plans, compromises and settlements, and decision related to potential litigation.

6. The Storage And Retention Of Digital And Hard Copy Records

The Act requires that Debtors store certain business records for a period of time, with the length of time dependent on the type of business record (the storage requirement could extend up to seven (7) years). The business records include both digital and hard copy records. Debtors have made arrangements for the secure storage of all records required to be retained. By way of Division Order PRN 3651301(A), the Division has required debtors to pre-pay the costs of the archived storage. The Division has also ordered Debtors to designate a records manager to be responsible for the ongoing maintenance of records and, upon notice to the Division, the destruction of records when the records are no longer required to be stored. Debtors have designated Duane Morris LLP as the records manager and Debtors have agreed to pay Duane Morris LLP a fee for its anticipated services as records manager. On the Effective Date, the Liquidation Trustee will assume oversight of the records retention agreements and process.

7. Payment Of Gaming Regulatory Fees And Taxes

Pursuant to the Act, Debtors are required to pay the State of New Jersey certain fees and taxes. The fees include regulatory fees incurred by the Division and Commission in connection with their oversight of debtors' business activities related to gaming. The Debtors may also be required to provide an audit of their annual financial statements for year-end 2013 and for all subsequent years Debtors engage in business activities related to gaming. On the Effective Date, the Liquidation Trustee will assume oversight of the required regulatory fee and tax payments, as well as any audit requirement imposed by the Division (Debtors have requested that the Division waive the annual audit requirement and the Division has not yet made a ruling on the waiver request).

XIII. MISCELLANEOUS PROVISIONS

1. U.S. Trustee Fees

All fees payable on or before the Effective Date pursuant to the United States Trustee pursuant to section 1930 of Title 28 of the United States Code shall be paid by the Debtors on or before the Effective Date. From and after the Effective Date, the Liquidating Trust shall be liable to and shall submit all required reports to the Office of the United States Trustee and pay the fees assessed against the Debtors' Estates until such time as a particular Debtor's Chapter 11 Case is closed, dismissed or converted.

2. Post-Effective Date Injunctions or Stays

All injunctions or stays that are in effect in these Chapter 11 Cases on the Confirmation Date, whether by operation of law (including, without limitation, Section 362 of the Bankruptcy Code) or by order of the Bankruptcy Court, shall continue and remain in full force and effect through and including the Effective Date.

3. Setoffs/Counterclaims

The Debtors may, but shall not be required to, set off or counterclaim against any Claim and the payments or other distributions to be made pursuant to the Plan in respect of the Claim, claims of any nature whatsoever the estates may have against the Holder of the Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or

release by the Debtors of any claim that the estates may have against the Holder; provided, however, that the Debtors will not seek to set off or counterclaim for any obligation that is not yet due. Setoffs or counterclaims arising from events after the Petition Date shall reduce the payouts under any Allowed Claim dollar for dollar. Setoffs or counterclaims arising from pre-petition events shall only reduce the amount of the Allowed Claim and therefore, shall only reduce the payout amount proportionally with the reduction in the Allowed Claim. If any counterclaim or setoff asserted by the Debtors exceeds the amount of any Claim, the Holder of such Claim shall not be entitled to any distribution under the Plan, and the Debtors will reserve the right to recover any such excess counterclaim or set-off from the Holder of the applicable Claim. After the Effective Date, the rights afforded to the Debtors under this paragraph shall apply to the Liquidation Trust as applicable.

4. The Plan Supplement

The Plan Supplement and the documents contained therein shall be filed with the Bankruptcy Court no later than seven (7) days before the deadline to object to the Plan, provided that the documents included therein may thereafter be amended and supplemented before execution, so long as no such amendment or supplement materially affects the rights of Holders of Claims. The Plan Supplement and the documents contained therein are incorporated into and made a part of the Plan as if set forth in full herein.

5. Amendment or Modification of the Plan

The Debtors, in consultation with the Committee, may modify the Plan at any time before entry of a Confirmation Order, provided that the Plan, as altered, amended or modified, satisfies the conditions of Sections 1122 and 1123 of the Bankruptcy Code, and the Debtors shall have complied with Section 1125 of the Bankruptcy Code. The Debtors, in consultation with the Committee, also reserve the right to make such modifications at or before any hearings on confirmation of the Plan as are necessary to permit the Plan to be confirmed under Section 1129 of the Bankruptcy Code.

A Holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such Holder.

Before the Effective Date, the Debtors may make appropriate technical adjustments and modifications to the Plan subject to prior notice to the Committee without further order or approval of the Bankruptcy Court, provided that such technical adjustments and modifications do not adversely affect in a material way the treatment of Holders of Claims.

6. Revocation and Withdrawal of the Plan

The Debtors, in consultation with the Committee, reserve the right to revoke or withdraw the Plan at any time before entry of a Confirmation Order. If the Debtors revoke or withdraw the Plan before the Confirmation Date, if the Confirmation Date does not occur, or the Effective Date does not occur within one hundred twenty (120) days after the Confirmation Date, then the Plan shall be deemed to be null and void. In such event, nothing contained herein or in any Disclosure Statement relating to the Plan shall be deemed to constitute an admission of validity, waiver or release of any Claims by or against the Debtors or any Person or to prejudice in any manner the rights of the Debtors or any Person in any proceeding involving the Debtors.

7. Severability

In the event that the Court determines on or before the Confirmation Date, that any provision in the Plan is invalid, void or unenforceable, such provision shall be invalid, void or unenforceable with respect to the Holder or Holders of such Claims or Interests as to which the provision is determined to be invalid, void or unenforceable. The invalidity, voidness or unenforceability of any such provision shall in no way limit or affect the enforceability and operative effect of any other provision of the Plan.

8. Exemption from Certain Taxes and Fees

Pursuant to, and to the fullest extent permitted by, section 1146(a) of the Bankruptcy Code, any transfers of property pursuant to, in contemplation of, or in connection with, the Plan or pursuant to: (i) the issuance, distribution, transfer, or exchange of any debt, equity security interest, or other interest in the Debtors; (ii) the creation, modification, consolidation, assumption, termination, refinancing and/or recording of any mortgage, deed of trust or other security interest, or the securing of additional indebtedness by such or other means; (iii) the making, assignment or recording of any lease or sublease; or (iv) the making, delivery or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan including any deeds, bills of sale, assignments or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee, or other similar tax or governmental assessment, and the appropriate state or local government officials or agents shall, and shall be directed to, forgo the collection of any such tax, recordation fee or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee or government assessment. The Bankruptcy Court shall retain specific jurisdiction with respect to these matters.

9. Business Days

If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

10. Governing Law

Except to the extent the Bankruptcy Code, the Bankruptcy Rules and/or the Local Rules apply, and subject to the provisions of any contract, lease, instrument, release, indenture or other agreement or document entered into expressly in connection herewith, the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of New Jersey, without giving effect to the principles of conflict of laws thereof.

11. Headings

Headings are used in the Plan for convenience and reference only, and shall not constitute a part of the Plan for any other purpose.

12. Exhibits

All Exhibits to the Plan are incorporated into and are a part of the Plan as if set forth in full herein.

13. Entire Agreement

The Plan and the Confirmation Order supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan, other than the Sale Orders and the Asset Purchase Agreements.

14. Plan Controls

To the extent the Plan is inconsistent with the Disclosure Statement, the provisions of the Plan shall be controlling.

XIV. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A DESCRIPTION OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN IS PROVIDED BELOW. THE DESCRIPTION IS BASED ON THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “INTERNAL REVENUE CODE”), TREASURY REGULATIONS, JUDICIAL DECISIONS AND ADMINISTRATIVE DETERMINATIONS, ALL AS IN EFFECT ON THE DATE OF THIS DISCLOSURE STATEMENT. CHANGES IN ANY OF THESE AUTHORITIES OR IN THEIR INTERPRETATION MAY HAVE RETROACTIVE EFFECT, WHICH MAY CAUSE THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN TO DIFFER MATERIALLY FROM THE CONSEQUENCES DESCRIBED BELOW. NO RULING HAS BEEN REQUESTED FROM THE IRS AND NO LEGAL OPINION HAS BEEN REQUESTED FROM COUNSEL CONCERNING ANY TAX CONSEQUENCE OF THE PLAN, AND NO TAX OPINION IS GIVEN BY THIS DISCLOSURE STATEMENT.

THIS DESCRIPTION DOES NOT COVER ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO HOLDERS OF CLAIMS. FOR EXAMPLE, THE DESCRIPTION DOES NOT ADDRESS ISSUES OF SPECIAL CONCERN TO CERTAIN TYPES OF TAXPAYERS, SUCH AS DEALERS IN SECURITIES, LIFE INSURANCE COMPANIES, FINANCIAL INSTITUTIONS, TAX EXEMPT ORGANIZATIONS, TAXPAYERS WHOSE FUNCTIONAL CURRENCY IS NOT THE U.S. DOLLAR AND FOREIGN TAXPAYERS, NOR DOES IT ADDRESS TAX CONSEQUENCES TO THE DEBTOR OR HOLDERS OF EQUITY INTERESTS IN THE DEBTOR. THIS DESCRIPTION DOES NOT DISCUSS THE POSSIBLE STATE TAX OR NON-U.S. TAX CONSEQUENCES THAT MIGHT APPLY TO THE DEBTOR, TO HOLDERS OF EQUITY INTERESTS OR TO HOLDERS OF CLAIMS.

FOR THESE REASONS, THE DESCRIPTION THAT FOLLOWS IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND PROFESSIONAL TAX ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR AN EQUITY INTEREST. HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS

REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN.

IRS CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY HOLDERS OF CLAIMS OR EQUITY INTERESTS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE DEBTOR OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

1. Tax Consequences of Payment of Allowed Claims Pursuant to Plan Generally

The federal income tax consequences of the implementation of the Plan to the holders of Allowed Claims will depend, among other things, on the consideration to be received by the holder, whether the holder reports income on the accrual or cash method, whether the holder receives distributions under the Plan in more than one taxable year, whether the holder's claim is Allowed or Disputed on the Effective Date, and whether the holder has taken a bad debt deduction or worthless security deduction with respect to its Claim.

2. Recognition of Gain or Loss

In general, a holder of an Allowed Claim should recognize gain or loss equal to the amount realized under the Plan in respect of its Claim less the holder's tax basis in the Claim. Any gain or loss recognized in the exchange may be long-term or short-term capital gain or loss or ordinary income or loss, depending upon the nature of the Allowed Claim and the holder, the length of time the holder held the Claim and whether the Claim was acquired at a market discount. If the holder realizes a capital loss, the holder's deduction of the loss may be subject to limitation. The holder's tax basis for any property received under the Plan generally will equal the amount realized. The holder's amount realized generally will equal the sum of the cash and the fair market value of any other property received by the holder under the Plan on the Effective Date or a subsequent distribution date, less the amount (if any) treated as interest, as discussed below.

3. Post-Effective Date Cash Distributions

Because certain holders of Allowed Claims, including Disputed Claims that ultimately become Allowed Claims, may receive cash distributions after the Effective Date, the imputed interest provisions of the Internal Revenue Code may apply and cause a portion of the subsequent distributions to be treated as interest. Additionally, because holders may receive distributions with respect to an Allowed Claim in a taxable year or years following the year of the Initial Distribution, any loss and a portion of any gain realized by the holder may be deferred. All holders of Allowed Claims are urged to consult their tax advisors regarding the possible application of (or ability to elect out of) the "installment method" of reporting with respect to their claims.

4. Receipt of Interest

Holders of Allowed Claims will recognize ordinary income to the extent that they receive cash or property that is allocable to accrued but unpaid interest which the holder has not yet included in its income. If an Allowed Claim includes interest, and if the holder receives less than the amount of the Allowed Claim pursuant to the Plan, the holder must allocate the Plan consideration between principal and interest. The proper allocation of Plan consideration between principal and interest is unclear, and holders of Allowed Claims should consult their own tax advisors in this regard. If the Plan consideration allocable to interest with respect to an Allowed Claim is less than the amount that the holder has previously included as interest income, the previously included but unpaid interest may be deducted, generally as a loss.

5. Bad Debt or Worthless Securities Deduction

A holder who receives in respect of an Allowed Claim an amount less than the holder's tax basis in the claim may be entitled in the year of receipt (or in an earlier or later year) to a bad debt deduction in some amount under Section 166(a) of the Internal Revenue Code or a worthless securities deduction under Section 165(g) of the Internal Revenue Code. The rules governing the character, timing and amount of bad debt and worthless securities deductions place considerable emphasis on the facts and circumstances of the holder, the obligor and the instrument with respect to which a deduction is claimed. Holders of Allowed Claims, therefore, are urged to consult their tax advisors with respect to their ability to take such a deduction

6. Information Reporting and Withholding

Under the Internal Revenue Code's backup withholding rules, the holder of an Allowed Claim may be subject to backup withholding with respect to distributions or payments made pursuant to the Plan unless the holder comes within certain exempt categories (which generally include corporations) and, when required, demonstrates that fact, or provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax, but merely an advance payment that may be refunded to the extent it results in an overpayment of tax. Holders of Allowed Claims may be required to establish exemption from backup withholding or to make arrangements with respect to the payment of backup withholding.

XV. CERTAIN RISK FACTORS TO BE CONSIDERED

Prior to voting on the Plan, each holder of a Claim entitled to vote should consider carefully the risk factors described below, as well as all of the information contained in this Disclosure Statement and the Plan, including the Exhibits hereto. These risk factors should not, however, be regarded as constituting the only risks involved in connection with the Plan and its implementation.

1. Risk of Non-Confirmation of Plan

Although the Debtors believe the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion. Moreover, there can be no assurance that modifications to the Plan

will not be required for confirmation or that such modifications would not necessitate a re-solicitation of votes.

2. Delays of Confirmation and/or Effective Date

Any delay in confirmation and effectiveness of the Plan could result in, among other things, increased Administrative Expense Claims. These or any other negative effects of delays in confirmation or effectiveness of the Plan could endanger the ultimate approval of the Plan by the Bankruptcy Court and reduce recoveries to Class III Claim holders.

3. Liquidation Trustee

The ultimate amount of Cash available to satisfy the allowed amount of Claims in Class III depends, in part, on the manner in which the Liquidation Trustee operates and the expenses the Liquidation Trustee incurs. The expenses of the Liquidation Trustee will be given priority over distributions to holders of Claims in Class III. As a result, if the Liquidation Trustee incurs professional or other expenses in excess of current expectations, the amount of Cash remaining to satisfy Allowed Claims in Class III will decrease.

The ultimate amount of Cash available for distribution to holders of Allowed Claims in Class III also will be affected by the performance and relative success of the Liquidation Trustee in pursuing claims against potential third parties under the Bankruptcy Code. The less successful the Liquidation Trustee is in pursuing such matters, the less Cash there will be available for distribution to satisfy Allowed Claims.


4. Alternative Plan

If the Plan is not confirmed, the Debtor, the Committee, or any other party in interest could attempt to formulate a different plan. However, the additional costs, all of which would constitute Administrative Expense Claims senior in priority to General Unsecured Claims, may be so significant that one or more parties in interest could request that the Case be converted to Chapter 7. Accordingly, the Debtors believe that the Plan enables creditors to realize the best return under the circumstances.

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Dated: February 28, 2014

RIH ACQUISITIONS NJ, LLC

By: 
Eric J. Matejevich
Chief Operating Officer

Dated: February 28, 2014

RIH PROPCO NJ, LLC

By: 
Eric J. Matejevich
Chief Financial Officer

COLE, SCHOTZ, MEISEL,
FORMAN & LEONARD, P.A.

By: /s/ Michael D. Sirota
Michael D. Sirota
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*Attorneys for RIH Acquisitions NJ, LLC, et al.,
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