Debtors' Motion for Entry of an Order Authorizing and Approving Settlement Agreement with Mark M. Hansen, Stadium Realty, Inc., and Thomas A. McGillicuddy (the "Settlement Motion")

By the Settlement Motion, the Debtors seek approval of a settlement agreement (the "Settlement Agreement") with Mark M. Hansen ("Hansen"), Stadium Realty, Inc. ("Stadium") and Thomas A. McGillicuddy ("McGillicuddy" and, together with Hansen and Stadium, the "Defendants").

According to the Settlement Motion, prior to August 4, 2008 (the "Petition Date"), Hansen was an employee of the Debtors whose duties included identifying potential acquisition properties. During 2004, real-estate brokerage firm Stadium approached Hansen and arranged the sale of the 117 acre "Orchid Landing" property (the "Property") in Vero Beach, Florida to the Debtors for $30,000,000 (the "Purchase"). As owner and president of Stadium, McGillicuddy was actively involved in negotiating the Purchase. In August, 2005, the Purchase closed (the "Closing") and the Debtors paid Stadium a real estate brokerage commission of $600,000 (2% of the purchase price) (the "Real Estate Commission").

In October, 2005, another real estate brokerage firm, Elchon Group Realty, Inc. ("Elchon"), sued the Debtors in Florida state court (the "Elchon Litigation"), alleging that it had originally introduced the Debtors to the Property through Hansen and was therefore entitled to a real estate commission of 2.5% of the sale price. The Debtors maintain that in the course of discovery, they learned that (i) while they were conducting due diligence on the Property, McGillicuddy offered Hansen $100,000 of the Real Estate Commission if Hansen could ensure that the sale of the Property occurred (the "Kickback"), and (ii) McGillicuddy paid Hansen the Kickback after Closing.

Thereafter, the Debtors settled the Elchon Litigation for $350,000 (the "Elchon Settlement Amount"), and the Debtors sued the Defendants seeking to recover the Elchon Settlement Amount in Florida state court (the "Debtor Litigation"). In the Debtor Litigation, the Debtors alleged that the focal point of their defense in the Elchon Litigation was the credibility of testimony of Hansen and McGillicuddy, and therefore, the Debtors were required to settle and pay Elchon the Elchon Settlement Amount because their witnesses destroyed their credibility and the Debtors' case because of the Kickback.

In order to resolve the Debtor Litigation, the Parties agreed to the terms of the Settlement Agreement whereby (i) Stadium and McGillicuddy will pay the Debtors $12,500; and (ii) Hansen will pay the Debtors $12,500 (collectively, the "Settlement Amounts") in full and final settlement of the Debtor Litigation. The Parties have agreed to schedules for the payments of the Settlement Amounts, and if any payment is not received by the Debtors' counsel within seven days after the applicable due date, the Debtors will be entitled to a final judgment in the following sums: (a) $50,000 against Stadium; (b) $50,000 against Hansen; and (c) the unpaid Settlement Amounts due from Stadium and McGillicuddy against McGillicuddy.

The Debtors maintain that entering the Settlement Agreement is in the estates' best interest since they will immediately recover $25,000 while avoiding the costs of the Debtor Litigation. The Debtors believe that their causes of action may be difficult to prove, and the Defendants may have viable defenses. Indeed, even if a verdict were entered in the Debtors' favor, the Debtors believe that there is no guarantee that they could collect any judgment, particularly since the Defendants (i) are individuals, (ii) rely on the battered real estate industry for income, and (iii) have provided financial information indicating that they could not satisfy any significant judgment obtained. Moreover, collection efforts would lead to additional delay and cost, and the Debtors believe it is in their best interests to enter into the Settlement Agreement for a reasonable, certain, and collectable sum.