

Jonathan L. Flaxer, Esq.
GOLENBOCK EISEMAN ASSOR BELL & PESKOE LLP
437 Madison Avenue
New York, New York 10022
(212) 907-7300

Presentation Date and Time:
March 24, 2010
at 12:00 p.m.
Objection Deadline and Time:
March 24, 2010
at 10:00 a.m.

*Counsel to Gerard A. McHale, Jr., P.A.,
Liquidation Trustee for the 1031
Debtors Liquidation Trust*

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re : Chapter 11
: Case No. 07-11448 (MG)
THE 1031 TAX GROUP, LLC, *et al.*,¹ : Substantively Consolidated
:
: Debtors. :
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**NOTICE OF PRESENTMENT OF STIPULATION AND ORDER
AUTHORIZING TURNOVER OF FUNDS HELD AT HSBC BANK, USA**

PLEASE TAKE NOTICE that Gerard A. McHale, Jr., P.A., the Liquidation Trustee for the 1031 Debtors Liquidation Trust (the “Trustee”), will present the annexed Stipulation and Order (the “Proposed Stipulation and Order”), which authorizes HSBC Bank USA, N.A. to turn over the funds on deposit in an account in the name of “Security 1031 Services, Inc. FBO Blue Holdings Realty LLC” to the Trustee, to the Court for signature on **March 24, 2010 at 12:00 p.m.**

PLEASE TAKE FURTHER NOTICE that objections to entry of the Proposed Stipulation and Order, if any, must state the basis for the objection and be filed with the Court (along with two copies marked “Chambers Copy” delivered directly to Judge Glenn’s chambers),

¹ The Debtors are: The 1031 Tax Group, LLC; 1031 Advance 132 LLC; 1031 Advance, Inc.; 1031 TG Oak Harbor LLC; Atlantic Exchange Company, Inc.; Atlantic Exchange Company LLC; Investment Exchange Group, LLC; National Exchange Accommodators, LLC; National Exchange Services QI, Ltd.; NRC 1031, LLC; Real Estate Exchange Services, Inc.; Rutherford Investment LLC; Security 1031 Services, LLC; Shamrock Holdings Group, LLC; AEC Exchange Company LLC; and IPofA Shreveport Industrial Park, LLC.

and served so that they are received by (i) the Court, (ii) Golenbock Eiseman Assor Bell & Peskoe LLP, 437 Madison Avenue, New York, New York 10022 (Attn.: Jonathan L. Flaxer, Esq.) and (iii) Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn.: Andy Velez-Rivera, Esq.), together with proof of service thereof, **BY NO LATER THAN 10:00 A.M., PREVAILING EASTERN TIME, ON MARCH 24, 2010** (the "Objection Deadline").

PLEASE TAKE FURTHER NOTICE that unless objections are filed and served by the Objection Deadline, the Proposed Stipulation and Order may be signed.

Dated: New York, New York
March 1, 2010

GOLENBOCK EISEMAN ASSOR BELL & PESKOE LLP
437 Madison Avenue
New York, NY 10022
(212) 907-7300

By /s/ Jonathan L. Flaxer
Jonathan L. Flaxer, Esq.

*Counsel for Gerard A. McHale, Jr., P.A., as Liquidation
Trustee for the 1031 Debtors Liquidation Trust*

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
In re: :
: Chapter 11
THE 1031 TAX GROUP, LLC, *et al.*, :
: Case No. 07-11448 (MG)
Debtors.¹ : Jointly Administered
: :
-----X

**STIPULATION AND ORDER AUTHORIZING
TURNOVER OF FUNDS HELD AT HSBC BANK, USA**

This Stipulation (the “Stipulation”), dated the 25th day of February, 2010, is entered into between Gerard A. McHale, Jr., P.A., Liquidation Trustee (the “Trustee”) for the 1031 Debtors Liquidation Trust, on the one hand, and HSBC Bank USA, N.A. (“HSBC”), on the other hand.

RECITALS

WHEREAS, on May 14, 2007 (the “Petition Date”), all but one of the 1031 Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”); and

WHEREAS, on June 11, 2007, AEC Exchange Company, LLC, an affiliate of the 1031 Debtors, also filed a voluntary petition for chapter 11 relief; and

WHEREAS, on November 15, 2007, IPofA Shreveport Industrial Park, LLC filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code; and

WHEREAS, on October 7, 2009, the Bankruptcy Court entered an order (the “Confirmation Order”) confirming the Second Amended Chapter 11 Plan (the “Plan”) of

¹ The Debtors are The 1031 Tax Group, LLC; 1031 Advance 132 LLC; 1031 Advance, Inc.; 1031 TG Oak Harbor LLC; Atlantic Exchange Company, Inc.; Atlantic Exchange Company LLC; Investment Exchange Group, LLC; National Exchange Accommodators, LLC; National Exchange Services QI, Ltd.; NRC 1031, LLC; Real Estate Exchange Services, Inc.; Rutherford Investment LLC; Security 1031 Services, LLC; Shamrock Holdings Group, LLC; AEC Exchange Company LLC (collectively, the “1031 Debtors”) and IPofA Shreveport Industrial Park, LLC.

Reorganization of Gerard A. McHale, Jr., as Chapter 11 Trustee for each of the 1031 Debtors, and IPofA Shreveport Industrial Park, LLC; and

WHEREAS, the Plan became effective on December 2, 2009 (the “Effective Date”); and

WHEREAS, pursuant to the Plan, all of the 1031 Debtors’ assets, including causes of action, were transferred to the 1031 Debtors Liquidation Trust on the Effective Date; and

WHEREAS, prior to the Petition Date, on or about November 15, 2005, pursuant to a stock purchase agreement, Todd Pajonas and Regal Holdings, LLC sold, *inter alia*, one hundred percent of the ownership interest in Security 1031 Services, Inc. (“SOS”) to The 1031 Tax Group, LLC, one of the 1031 Debtors; and

WHEREAS, SOS is a wholly-owned subsidiary of The 1031 Tax Group, LLC; and

WHEREAS, prior to the Petition Date, SOS opened Account Number 651-63901-8 at HSBC Bank USA, N.A. (“HSBC”), which account is in the name of “Security 1031 Services, Inc. FBO Blue Holdings Realty LLC” (the “SOS Account”); and

WHEREAS, \$28,505.95 was on deposit in the SOS Account on the Petition Date (the “Funds on Deposit” and together with any interest accrued on the Funds on Deposit, including post-petition interest, the “Account Balance”); and

WHEREAS, the Trustee requested turn over of the Account Balance; and

WHEREAS, HSBC has agreed to turn over of the Account Balance to the Trustee upon entry of a Stipulation and Order of the Bankruptcy Court authorizing same (the “Stipulation and Order”); and

WHEREAS, the Trustee has agreed to provide twenty-one (21) days’ Notice of Presentment of the proposed Stipulation and Order to Blue Holdings Realty LLC by certified mail.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, between

HSBC and the undersigned counsel for the Trustee, as follows:

1. Upon the expiration of the tenth day following the Bankruptcy Court's entry of the Stipulation and Order, HSBC shall deliver the Account Balance to the Trustee pursuant to the Trustee's instructions.

2. The Bankruptcy Court shall retain jurisdiction to resolve all matters relating to the implementation of this Stipulation.

3. This Stipulation may be executed in counterparts and each such counterpart together with the others shall constitute one and the same instrument, and facsimile signatures herein shall be deemed to be original signatures.

Dated: New York, New York
February 25, 2010

GOLENBOCK EISEMAN ASSOR BELL
& PESKOE LLP
Counsel for the Trustee
437 Madison Avenue
New York, New York 10022
(212) 907-7300

By: /s/ Jonathan L. Flaxer
Jonathan L. Flaxer, Esq.

Dated: Buffalo, New York
February 24, 2010

HSBC Bank USA, N.A.

By: /s/ Michael T. Ryan
Michael T. Ryan, Esq.
Title: Associate General
Counsel

SO ORDERED:

Dated: _____, 2010

HON. MARTIN GLENN
UNITED STATES BANKRUPTCY JUDGE