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10 **UNITED STATES BANKRUPTCY COURT**
 11 **DISTRICT OF NEVADA**

<p>12 In re:</p> <p>13 CM EBAR, LLC,</p> <p>14</p> <p>15 Debtor.</p>	<p>Case No.: 17-15530-ABL</p> <p>Chapter 11</p> <p>Date: OST Pending</p> <p>Time: OST Pending</p>
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16 **DEBTOR’S MOTION FOR AN ORDER AUTHORIZING AND APPROVING THE SALE**
 17 **OF TWO LIQUOR LICENSES PURSUANT TO 11 U.S.C. § 363 FREE AND CLEAR OF**
 18 **ANY AND ALL LIENS, CLAIMS, AND ENCUMBRANCES; MOTION FOR AN ORDER**
 19 **TO SHOW CAUSE AS TO WHY THE CALIFORNIA LICENSING AUTHORITIES**
 20 **SHOULD NOT BE HELD IN CONTEMPT AND SANCTIONED**
 21 **FOR WILLFUL VIOLATIONS OF THE AUTOMATIC STAY**

22 CM Ebar, LLC, the above captioned debtor and debtor-in-possession (“**CM EBAR**” or the
 23 “**Debtor**”), hereby submits its motion (the “**Motion**”) seeking the entry of an order authorizing and
 24 approving the sale of two Liquor Licenses (as hereinafter defined) free and clear of any and all
 25 liens, claims and encumbrances. This Motion also requests that the Court issue an order to show
 26 cause, thereby directing the California Department of Alcoholic Beverage Control (the “**ABC**”) or
 27 the California Department of Tax and Fee Administration (the “**CDTFA**” and collectively with
 28 ABC, the “**Departments**”), formerly the Board of Equalization to explain why it has not
 committed intentional and willful violations of the automatic stay in section 362 of title 11 of the

1 United States Code (the “**Bankruptcy Code**”) by indicating their intention to interfere with the
2 transfer by the Debtor of two liquor licenses to the Buyers as is necessary for the success of the
3 Debtor’s Proposed Chapter 11 Plan (the “**Plan**”), and thus why it should not be held in contempt of
4 court and sanctioned for such conduct.

5 This Motion is made and based on the attached memorandum of points and authorities, the
6 Declaration of Dean Vasquez (the “**Vasquez Declaration**”) filed in support hereof, the
7 Declaration of Shara L. Larson, Esq. (the “**Larson Declaration**”) filed in support hereof, the
8 Declaration of Barry Kasoff (the “**Kasoff Declaration**”) filed in support hereof the papers and
9 pleadings on file in this bankruptcy case, judicial notice of which is respectfully requested, and any
10 arguments of counsel presented at the time of any hearings on the Motion.

11
12 **I. JURISDICTION AND VENUE**

13 1. On October 17, 2017 (the “Petition Date”), Debtor filed its voluntary petition for
14 relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”), thereby
15 commencing its bankruptcy case (the “Chapter 11 Case”). Debtor is authorized to operate its
16 business and manage its property as debtor in possession pursuant to sections 1107(a) and 1108 of
17 the Bankruptcy Code. No request has been made for the appointment of a trustee or examiner.
18 On November 7, 2017, an Official Committee of Unsecured Creditors was appointed in the case
19 by the Office of the United States Trustee.

20 2. The Debtor is the owner of 7 operating restaurants that go by the trade name of
21 Elephant Bar Restaurant, operating in Nevada, New Mexico, and California. Additional
22 information regarding Debtor’s business, capital structure, and the circumstances leading to the
23 chapter 11 filing is contained in the *Omnibus Declaration of Barry Kasoff* [ECF No. 10] and the
24 *Omnibus Declaration of Zachary Conine* [ECF No. 11] (collectively, the “Omnibus
25 Declarations”).

26 3. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334
27 and Local Rule 1001(b)(1). Consideration of this Motion is a core proceeding pursuant to 28
28

1 U.S.C. § 157(b)(2)(A). The statutory bases for relief herein are sections 362 and 105(a) of the
2 Bankruptcy Code.

3 4. Pursuant to LR 9014.2, the Debtor consents to the entry of final orders and
4 judgments as to the matters set forth in this Motion.

5 5. SBR, LLC (“SBR”), as successor to the Debtor’s original lenders, holds a secured
6 claim in the amount of at least \$18,671,190.00 (“**Senior Loan**”), exclusive of interest, attorneys’
7 fees, other fees, costs, and expenses, as of the Petition Date. SBR alleges that the Senior Loan is
8 secured by a continuing security interest in, all of the Debtor’s personal property and fixtures.
9 SBR consents to this Sale Motion.
10

11 **II. RELIEF REQUESTED**

12 6. As reflected on Schedule B of the Petition and as disclosed in the Debtor’s
13 Amended Disclosure Statement [ECF No. 169], the Debtor owns various liquor licenses. Many
14 of the liquor licenses were issued to Restaurant locations that closed prior to the filing of the
15 Petition (the “**Closed Location Liquor Licenses**”). Prior to the Petition Date, Debtor sought the
16 services of License Locators, Inc. to actively work to locate buyers for and attempt to sell the
17 Closed Location Liquor Licenses. License Locators, Inc. is an independent “broker” whose fees
18 for this service are paid by any located licenses’ buyer over and above the purchase price. The
19 services contemplated by License Locators, Inc. are not paid for by any part of the Debtor’s
20 estate. License Locators, Inc. is actively searching for buyers to enter into escrow and initiate the
21 administrative process necessary to effectuate any contemplated sale of the Closed Location
22 Liquor Licenses.

23 7. Prior to the Petition Date, certain Closed Location Liquor Licenses were subject to
24 certain escrow agreements that remain pending but stayed until the Bankruptcy Court’s approval
25 of any pre-confirmation sale of the Closed Location Liquor Licenses.
26

27 ...

28 ...

1 8. The Debtor seeks court authorization and approval of the sale of the Debtor’s right,
2 title and interest in the following two liquor licenses (the “**Liquor Licenses**”) free and clear of
3 any liens, claims and encumbrances:

Closed Location Address	License Expiration	License Number	Escrow Company	License Value	Amount in Escrow
1225 Willow Pass Road Concord, CA 94522 (Contra Costa County)	2/28/18	47-549173	Capital Trust 006061-GG	\$21,000	\$21,000
75 Serramonte Center Daly City, CA 94015 (San Mateo County)	10/31/18	47-549228	Capital Trust 006470-GG	\$50,000	\$5,000

9 9. The Contra Costa County/Concord Liquor License is subject to an Escrow
10 Instruction Agreement dated December 19, 2016, Escrow No. 006061-GG (the “**Contra Costa**
11 **Escrow Instructions**”). Attached hereto as **Exhibit 1**. The Contra Costa Escrow Instructions
12 provide for the potential sale of the Contra Costa Liquor License to Little Beast Restaurant, Inc.,
13 LLC (“**Contra Costa Buyer**”) for the Purchase Price of \$21,000. As per the Contra Costa
14 Escrow Instructions, close of escrow and transfer was contingent on multiple conditions.
15 Critically, the Contra Costa Escrow Instructions provide that the escrow would be cancelled if the
16 Buyer was not approved by the California ABC. Thus, the Contra Costa Escrow Instruction and
17 the associated closing and transfer were conditioned on the approval of the Buyer by ABC. On or
18 around December 11, 2017, Capital Trust Escrow advised that the Contra Costa Buyer had been
19 approved by the ABC. The full amount of the Purchase Price is currently being held in escrow.
20 On or around December 7, 2017, Capital Trust Escrow received the 202A letter from the ABC
21 confirming approval of the buyer. Attached hereto as **Exhibit 5**.

22 10. The San Mateo County /Daly City Liquor License is subject to an Escrow
23 Instruction Agreement dated May 1, 2017, Escrow No. 006470-GG (the “**San Mateo Escrow**
24 **Instructions**”). Attached hereto as **Exhibit 2**. The San Mateo Escrow Instructions provide for the
25 potential sale of the San Mateo Liquor License to Hash House & Brews, LLC (“**San Mateo**
26 **Buyer,**” and collectively with the Contra Costa Buyer, the “**Buyers**”) for the Purchase Price of
27 \$50,000. As per the San Mateo Escrow Instructions, close of escrow and transfer was contingent
28

1 on multiple conditions. Critically, the San Mateo Escrow Instructions provide that the escrow
2 would be cancelled if the Buyer was not approved by the California ABC. Thus, the San Mateo
3 Escrow Instruction and the associated closing and transfer were conditioned on the approval of
4 the Buyer by ABC. On or around November 14, 2017, Capital Trust Escrow advised that the San
5 Mateo Buyer had been approved by the ABC. The full amount of the Purchase Price is currently
6 being held in escrow. On or around November 14, 2017, Capital Trust Escrow received the 202A
7 letter from the ABC confirming approval of the buyer. Attached hereto as **Exhibit 5**.

8
9 11. In regard to the values of the two Liquor Licenses, both Liquor Licenses are within
10 the average sales prices for type 47 licenses in those counties and are within market value. See
11 Vasquez Declaration.

12 12. The Escrow Instructions and related documents, and the proposed sale of the
13 Liquor Licenses, were all negotiated in good faith, at arms' length, and are for fair value. No
14 prior relationships or connections exists between the Debtor and the Contra Costa Buyer and the
15 San Mateo Buyer other than as disclosed herein.

16 13. Shortly after being advised that the ABC had approved the Contra Costa Buyer and
17 the San Mateo Buyer by Capital Trust Escrow but prior to the Debtor's ability to bring forth a
18 motion to have the sale and transfer approved by this Court, Capital Trust Escrow contacted
19 Debtor's Counsel and indicated that the ABC, or related department had placed a hold on the
20 transfer.

21 14. Debtor and Capital Escrow, thereafter, began contacting individuals at the ABC
22 and the CDTFA, to determine the reason and nature of the hold and to assess whether the
23 transfers of the Liquor Licenses could proceed toward obtaining Bankruptcy Court approval and
24 subsequently closing the sales.

25 15. Debtor was advised that CDTFA has placed the hold in order to allow the CDTFA
26 to complete an audit of the Debtor. Written notice of the audit, dated December 7, 2017, was not
27 received by the Debtor until December 15, 2017. See Audit Notice attached as **Exhibit 3**.
28

1 16. Debtor spoke with the Senior Tax Auditor, Rupal McCain and her supervisor,
2 Gregory Joseph, on January 2, 2018 to discuss providing information to CDTFA for the auditing
3 process. During that call, Mr. Joseph indicated that the auditors had not placed the hold on the
4 account and that they were not sure of the reason for the hold but that they would look into it. See
5 Larson Declaration.

6 17. In subsequent attempts to determine the true reason for the hold and whether or not
7 the ABC would allow the transfers to buyers to occur, Debtor contacted multiple individuals with
8 the ABC and CDTFA and answers were hard to come by. However, on or about January 4, 2018,
9 Ms. McCain advised Debtor Counsel in writing that the hold would be released on January 5,
10 2018. See Email from Ms. McCain attached as **Exhibit 4**; see Larson Declaration.

11 18. Between January 5, 2018 through the filing of this Motion, Debtor has continued
12 to try to obtain information as to whether the hold would actually be released as represented in the
13 January 4, 2018 email, as to the reason for the hold and as to whether California would work with
14 the Debtor to allow the transfers to occur so that buyers of liquor licenses would not be lost to the
15 detriment of all creditors. The release of the hold did not occur on January 5, 2018 despite the
16 January 4, 2018 email representing that the hold would be released. See Larson Declaration.

17 19. On January 10, 2018, Debtor Counsel left messages with Keith Meridith of the
18 Special in the Special Operations Department, Bankruptcy Division. Shortly after leaving a
19 message with Mr. Meridith, Debtor Counsel received a call from Juanita Saucedo, who indicated
20 that she was the individual who requested that the withhold be placed on the account do to the
21 Debtor's potential liability on taxes to California. Ms. Saucedo indicated that the hold was placed
22 in order to insure that California received payment on any claim that it may have. Ms. Saucedo
23 indicated that she spoke with her supervisors and that as of January 10, 2018, the withhold and
24 compliance issues will be handled by Mr. Meridith and that he is "doing everything on the
25 account" going forward. Ms Saucedo indicated that she would instruct Mr. Meridith to contact
26 Debtor Counsel. See Larson Declaration.
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28

- 1 (1) Whether a sufficient business reason exists for the sale;
- 2 (2) Whether the proposed sale is in the best interest of the estate, which
- 3 considers the following factors:
 - 4 (a) that terms of the sale are fair and reasonable;
 - 5 (b) that the proposed sale has been adequately marketed;
 - 6 (c) that the proposed sales terms have been properly negotiated and
 - 7 proposed in good faith; and
 - 8 (d) that the purchaser is involved in an “arms-length” transaction with
 - 9 the seller; and
- 10 (3) Whether notice of the sale was sufficient.

11 See Walter, 83 B.R. at 19-20.

12 25. The bankruptcy court should consider all factors pertaining to the proceeding and,

13 accordingly, act to further the diverse interest of the debtor, creditors and equity holders, alike. It

14 is not necessary for the bankruptcy court to consider each factor listed in the cases, or to use any

15 specific set of factors. See 240 North Brand Partners, Ltd., 200 B.R. at 659; In re Work

16 Recovery, Inc., 202 B.R. 301, 304 (Bankr. D. Ariz. 1996) (using a six factor-test). Moreover, to

17 the extent that any factors are utilized, there is no necessity that those factors must be given equal

18 weight to determine the outcome. See Matter of Embrace Sys. Corp., 178 B.R. 112 (Bankr. W.D.

19 Mich. 1995).

20 26. In the case at hand, the Debtors have exercised their sound business judgment by

21 agreeing to the proposed private sale of the Liquor License to the Buyers. The Debtor asserts that

22 the purchase prices for the Liquor Licenses are for fair value and subject to reasonable terms and

23 conditions under the circumstances, and the sale thereof will benefit the estate.

24 **B. SALE FREE AND CLEAR OF ALL LIENS, CLAIMS AND ENCUMBRANCES.**

25 27. The Debtors ask that the Court approve the sale of the Liquor License to the

26 Buyers free and clear of all liens, claims, encumbrances and interests, with any such matters to

27 attach to the sale proceeds with the same validity and priority as existed prior to the sale.

28

1 28. Section 363(f) of the Bankruptcy Code provides that a trustee may sell property
2 free and clear of any interest in such property if one of the following conditions is satisfied:

- 3 1. applicable non bankruptcy law permits sale of such property free and clear
4 of such interest;
- 5 2. such entity consents;
- 6 3. such interest is a lien and the price at which such property is to be sold is
7 greater than the aggregate value of all liens on such property;
- 8 4. such interest is in bona fide dispute; or
- 9 5. such entity could be compelled, in a legal or equitable proceeding to accept
10 a money satisfaction of such interest.

11 See 11 U.S.C. § 363(f). Because section 363(f) of the Bankruptcy Code is stated in the
12 disjunctive, when selling property of the estate, it is only necessary to meet one of the five
13 conditions above. See Citicorp Mortgage, Inc., v. Brooks (In re Ex-Cel Concrete Co.), 178 B.R.
14 198, 203 n.7 (B.A.P. 9th Cir. 1995).

15 **C. SBR CONSENTS TO THE SALE AND THE INTERESTS OF ANY OTHER**
16 **CREDITORS HOLDING LIENS CONTINUES TO THE SALE PROCEEDS.**

17 29. Under section 363(f)(2) of the Bankruptcy Code, the Debtors may sell estate
18 property free and clear of liens, claims, interests and encumbrances if the entity asserting the
19 interest consents. SBR, to the extent it has any security interest in the liquor licenses, has
20 consented to this sale. Additionally, the ABC has already approved the Buyer as a proper
21 recipient of the transfer of the license, thereby indicating California's consent as to allowing the
22 transfer to the buyer. See Exhibit 5. To the extent that any party asserting an interest receives
23 notice of this Motion and does not file a written objection hereto, such party should be deemed to
24 have consented to the proposed sale free and clear of its asserted interest(s). See In re Channel
25 One Commc'n, Inc., 117 B.R. 493, 496 (Bankr. E.D. Mo. 1990). The proposed form of sale order
26 specifically provides that any liens shall continue in and to the proceeds of sale, which will be
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1 deposited into the Debtors' DIP bank account for use in accordance with the Debtor's proposed
2 Plan of Reorganization.

3 **D. SECTION 363(M) PROTECTION AND LR 6004(b) DISCLOSURES**

4 30. "[W]hen a bankruptcy court authorizes a sale of assets pursuant to § 363(b)(1) of
5 the Bankruptcy Code, it is required to make a finding with respect to the 'good faith' of the
6 purchaser." In re Abbotts Dairies, 788 F.2d 143, 149-150 (3d Cir. 1986). The purpose of such a
7 finding is to facilitate the operation of section 363(m) of the Bankruptcy Code, which provides for
8 certain protections to be provided to good faith purchasers from the trustee pursuant to section
9 363. In this respect, section 363(m) of the Bankruptcy Code provides:
10

11 The reversal or modification on appeal of an authorization under subsection (b) or
12 (c) of this section of a sale or lease of property does not affect the validity of a sale
13 or lease under such authorization to an entity that purchased or leased such
14 property in good faith, whether or not such entity knew of the pendency of the
15 appeal, unless such authorization and such sale or lease were stayed pending
16 appeal.

17 11 U.S.C. 363(m).

18 31. While the Bankruptcy Code does not define "good faith," courts have held that it
19 encompasses fair value, and that typical "bad faith" or misconduct would include collusion
20 between the seller and buyer, or any attempt to take unfair advantage of other potential
21 purchasers. See 240 North Brand Partners, Ltd., 200 B.R. at 659 (citing Wilde Horse Enterps.,
22 Inc., 136 B.R. 830, 841 (Bankr. C.D. Cal. 1991)).

23 32. The Debtors submit that the sales of the Liquor Licenses were conducted in an
24 arms' length transaction. The negotiations between the Buyers and the Debtor have at all times
25 been conducted at arms' length and in good faith under applicable legal standards. In connection
26 with the proposed sale to the Buyers, the Debtor has retained broker who has evaluated various
27 alternatives, and acted with the intent of obtaining market value for the Liquor Licenses. See
28 Vasquez Declaration. The terms of the proposed sales of the Liquor Licenses to the Buyers
accomplish this appropriate objective. The Buyer and the terms of the transfer have also been

1 approved by the ABC. See Exhibit 5. Furthermore, the Buyers are not insiders or affiliates of the
2 Debtor. See Kasoff Delaration. There are no side agreements, arrangements or understandings
3 between the Debtor and Buyers, and all of the consideration to be provided by Buyers and to be
4 received by Debtor is set forth in the Escrow Instructions and any Addendum. Finally, the
5 consideration offered under the Escrow Instructions will be subject to objection at the hearing,
6 which will ensure that the Debtor ultimately receives a fair price for it. For these reasons, the
7 Debtor requests that the Court make a factual determination that the Buyer have purchased the
8 respective Liquor Licenses in good faith as defined under section 363(m) of the Bankruptcy Code.
9

10 33. The Debtor makes the following additional disclosures pursuant to LR 6004(b).
11 No consumer privacy ombudsman is required pursuant to section 332 of the Bankruptcy Code
12 because no personally identifiable information is proposed to be sold in the sales proposed herein.
13 To the best of the Debtor's knowledge, the Buyers have not discussed or entered into any
14 agreements with management or key employees of the Debtor regarding compensation or future
15 employment. Except as disclosed herein, the Debtor is not entering into any interim agreements
16 or arrangements with the Buyers. Except as provided per the existing cash collateral stipulation,
17 no release of the sale proceeds is contemplated outside of a confirmed chapter 11 plan of
18 reorganization. No exemption from transfer taxes is sought for the proposed sale. No sale of
19 chapter 5 causes of action is contemplated by the proposed sale. Any successor liability is
20 proposed to be terminated pursuant to the terms of the sale and sale order. No sale free and clear
21 of a possessory leasehold interest or license is proposed. Credit bidding pursuant to section
22 363(k) of the Bankruptcy Code is not contemplated.
23

24 **E. IMMEDIATE RELIEF PER BANKRUPTCY RULE 6004(H).**

25 34. The Debtor requests that the Court waive Bankruptcy Rule 6004(h), which
26 provides that an "order authorizing the use, sale, or lease of property . . . is stayed until the
27 expiration of 14 days after entry of the order, unless the court orders otherwise." (emphasis
28 added). Although Rule 6004(h) is silent as to when a court should "order otherwise" and

1 eliminate or reduce the fourteen (14) day stay period, the stay period should be eliminated to
2 permit a sale or other transaction to close immediately where there has been no objection to the
3 procedure. In the case at hand, waiver of Rule 6004(h) will permit the Debtor to immediately
4 realize the value of the Liquor License for the benefit of their estates and creditors, and will also
5 alleviate any concerns of the Buyers. As such, relief from any stay of effectiveness of sale should
6 be granted.
7

8 **IV. ORDER TO SHOW CAUSE MOTION**

9 **A. THE AUTOMATIC STAY IN SECTION 362(A).**

10 35. Section 362(a) of the Bankruptcy Code provides, in pertinent part, as follows:

11 (a) Except as provided in subsection (b) of this section, a petition filed under section 301,
12 302, or 303 of this title . . . operates as a stay, applicable to all entities, of—

13 (1) the commencement or continuation, including the issuance or employment of
14 process, of a judicial, administrative, or other action or proceeding against the
15 debtor that was or could have been commenced before the commencement of the
16 case under this title, or to recover a claim against the debtor that arose before the
17 commencement of the case under this title;

18 (2) the enforcement, against the debtor or against property of the estate, of a
19 judgment obtained before the commencement of the case under this title;

20 (3) any act to obtain possession of property of the estate or of property from the
21 estate or to exercise control over property of the estate;

22 (4) any act to create, perfect, or enforce any lien against property of the estate;

23 (5) any act to create, perfect, or enforce against property of the debtor any lien to
24 the extent that such lien secures a claim that arose before the commencement of the
25 case under this title;

26 (6) any act to collect, assess, or recover a claim against the debtor that arose before
27 the commencement of the case under this title;

28 11 U.S.C. 362(a).

36. Actions taken in violation of the automatic stay are void *ab initio* and have no
effect. See Griffin v. Wardrobe (In re Wardrobe), 559 F.3d 932, 934 (9th Cir. 2009); United

1 States v. Schwartz (In re Schwartz), 954 F.2d 569, 572-73 (9th Cir. 1992). As explained by the
2 Ninth Circuit in Schwartz:

3 [T]he automatic stay plays a vital role in bankruptcy. It is designed to protect
4 debtors from all collection efforts while they attempt to regain their financial
5 footing. As Congress stated: “The automatic stay is one of the fundamental debtor
6 protections provided by the bankruptcy laws. It gives the debtor a breathing spell
7 from his [or her] creditors. It stops all collection efforts, all harassment, and all
foreclosure actions. It permits the debtor to attempt a repayment or reorganization
plan, or simply to be relieved of the financial pressures that drove him into
bankruptcy.”

8 954 F.2d at 571 (quoting H.R. Rep. No. 595, 95th Cong., 1st Sess. 340 (1978)).

9 37. Bankruptcy courts hold the exclusive power to interpret the scope of the automatic
10 stay. See Gruntz v. Cnty. of L.A. (In re Gruntz), 202 F.3d 1074, 1081-82 (9th Cir. 2000). The
11 Ninth Circuit has repeatedly emphasized the absolute power of the automatic stay, including even
12 the affirmative requirement of compliance and to discontinue post-petition collection actions. See
13 Sternberg v. Johnston, 595 F.3d 937, 943 (9th Cir. 2010); Eskanos & Adler, P.C. v. Leetien, 309
14 F.3d 1210, 1215 (9th Cir. 2002). Further, the Ninth Circuit has unequivocally held that
15 “[t]ransfers in violation of the automatic stay are void.” 40235 Washington St. Corp. v. Lusardi,
16 329 F.3d 1076, 1080 (9th Cir. 2003). Creditors who attempt to enforce their nonbankruptcy rights
17 against a debtor or its property without first obtaining relief from the stay may be held liable for
18 damages for contempt of court. See Johnston Envtl. Corp. v. Knight (In re Goodman), 991 F.2d
19 613, 620 (9th Cir. 1993) (holding that a corporation may recover civil contempt damages for a
20 stay violation).

21 38. “Civil contempt . . . consists of a party’s disobedience to a specific and definite
22 court order by failure to take all reasonable steps within the party’s power to comply.” In re
23 Dual-Deck Video Cassette Recorder Antitrust Litig., 10 F.3d 693, 695 (9th Cir. 1993). The
24 automatic stay imposed by section 362(a) “qualifies as a specific and definite court order.”
25 Knupfer v. Lindblade (In re Dyer), 322 F.3d 1178, 1191 (9th Cir. 2003). A “willful” violation of
26 the automatic stay can be shown in instances where a party knew of the debtor’s bankruptcy filing
27 and intended to take the actions in the state court which violated the stay. See Havelock v. Taxel
28

1 (In re Pace), 67 F.3d 187, 191 (9th Cir. 1995). A party asserting contempt for violation of a court
2 order must establish that the accused party “(1) violated the court order, (2) beyond substantial
3 compliance, (3) not based on a good faith and reasonable interpretation of the order, (4) by clear
4 and convincing evidence.” Labor/Cnty. Strategy Ctr. v. Los Angeles Cnty. Metro. Transp. Auth.,
5 564 F.3d 1115, 1123 (9th Cir. 2009) (quoting In re Dual-Deck Video Cassette Recorder Antitrust
6 Litig., 10 F.3d at 695).

7
8 **B. THE “POLICE OR REGULATORY POWER” EXCEPTION TO THE
AUTOMATIC STAY.**

9
10 **1. General Standard and Applicable Tests.**

11 39. Section 362(b)(4) of the Bankruptcy Code, known as the “police or regulatory
12 power” exception to the automatic stay, provides that the following is not stayed:

13 (4) under paragraph (1), (2), (3), or (6) of subsection (a) of this section, of the
14 commencement or continuation of an action or proceeding by a governmental unit
15 . . . to enforce such governmental unit’s or organization’s police and regulatory
16 power, including the enforcement of a judgment other than a money judgment,
obtained in an action or proceeding by the governmental unit to enforce such
governmental unit’s or organization’s police or regulatory power;

17 11 U.S.C. § 362(b)(4).

18 40. The term “police and regulatory power” as used in section 362(b)(4) is not defined
19 in the Bankruptcy Code. The Ninth Circuit applies two alternative tests to determine whether an
20 action is in exercise of a governmental unit’s police and regulatory power: the “pecuniary
21 purpose” test and the “public policy” test. See City & County of San Francisco v. PG & E Corp.,
22 433 F.3d 1115, 1123-24 (9th Cir. 2006); see also Cal. v. Villalobos (In re Villalobos), 453 B.R.
23 404, 409 (D. Nev. 2011).

24 41. The determination of whether a particular governmental action qualifies as a police
25 or regulatory action must be made on the basis of a case-specific inquiry. Id. at 1127; Cal. v. Yun
26 (In re Yun), 476 B.R. 243, 253 (B.A.P. 9th Cir. 2012) (“These are both factual determinations to
27 be made based on the presentation of evidence.”). “Not every police or regulatory action is
28

1 automatically exempt.” Yun, 476 B.R. at 253 (citing Mass. v. First Alliance Mortg. Co. (In re
2 First Alliance Mortg. Co.), 263 B.R. 99, 107 (B.A.P. 9th Cir. 2001)). “The Court has a duty to
3 scrutinize the governmental unit’s claims that it is acting under its police and regulatory power
4 and to determine that a valid exception to the automatic stay exists, rather than simply assuming
5 the police and regulatory power is involved because the governmental unit has made an
6 appearance.” Maricopa Cnty. v. PMI-DVW Real Estate Holdings, L.L.P. (In re PMI-DVW Real
7 Estate Holdings, L.L.P.), 240 B.R. 24, 31 (Bankr. D. Ariz. 1999) (citing Corporacion de Servicios
8 Medicos Hospitalarios de Fajardo v. Mora (In re Corporacion de Servicios Medicos Hospitalarios
9 de Fajardo), 60 B.R. 920, 932-33 (D.P.R. 1986)).

10
11 42. Under the pecuniary purpose test, “the court determines whether the government
12 action relates primarily to the protection of the government’s pecuniary interest in the debtor’s
13 property or to matters of safety and welfare.” Id. at 1124-25. “If the action primarily seeks to
14 protect the government’s pecuniary interest, the automatic stay applies. If the suit primarily seeks
15 to protect the public safety and welfare, the automatic stay does not apply.” Id. at 1124, citing
16 Universal Life Church, Inc. v. United States (In re Universal Life Church, Inc.), 128 F.3d 1294,
17 1297 (9th Cir. 1997)).

18 43. Under the public policy test, “the court determines whether the government seeks
19 to ‘effectuate public policy’ or to adjudicate ‘private rights.’” Id. at 1125. If the primary purpose
20 of the suit is to effectuate public policy, then the exception to the automatic stay applies; however,
21 “[a] suit does not satisfy the ‘public purpose’ test if it is brought primarily to advantage discrete
22 and identifiable individuals or entities rather than some broader segment of the public.” Id.

23 44. These tests are applied by analyzing the individual claims the governmental unit
24 asserts against the debtor. Id. at 1125. Further, in applying the tests, the bankruptcy court must
25 be governed by at least two underlying principles. See Yun, 476 B.R. at 253. First, exceptions to
26 the automatic stay are interpreted narrowly. See id. (citing cases). Second, “governmental units
27 cannot, by an exercise of their police or regulatory powers, subvert the relief afforded by the
28

1 federal bankruptcy laws.” Id. (quoting Thomassen v. Div. of Med. Quality Assurance, Dept. of
2 Consumer Affairs, State of Cal. (In re Thomassen), 15 B.R. 907 (B.A.P. 9th Cir. 1981)).

3 45. A governmental unit “may not bypass the automatic stay to enforce a monetary
4 judgment, but § 362(b)(4) does not bar [the governmental unit] from seeking the entry of a
5 monetary judgment. . . . [W]hen the government is seeking only the entry of a money judgment
6 against debtors, ‘[t]he entry of judgment would simply fix the amount of the government’s
7 unsecured claim against the debtors. It would not convert the government into a secured creditor,
8 force the payment of a prepetition debt, or otherwise give the government a pecuniary advantage
9 over other creditors of the debtors’ estate.” Villalobos, 453 B.R. at 414 (quoting In re
10 Commonwealth Cos., Inc., 913 F.2d 518, 524 (8th Cir. 1990)).

12 **2. Application of Section 362(b)(4) to the Departments’ Improper Conduct.**

13 46. Here, the police or regulatory exception to the automatic stay provided in Section
14 362(b)(4) does not apply to excuse Departments’ improper conduct. First, the Departments’
15 conduct fails the pecuniary purpose test because it has been obstructing the transfer of the
16 Debtor’s liquor licenses as it believes the Debtor may have outstanding taxes it must pay first.
17 Indeed, coercing the Debtor to pay these outstanding taxes, if they exist, relates solely to “the
18 government’s pecuniary interest in the Debtor’s property.” See City & County of San Francisco
19 v. PG & E Corp., 433 F.3d 1115, 1123-24 (9th Cir. 2006).

20 47. Second, the Departments’ conduct fails the public policy test because its coercion
21 of the Debtor to obtain alleged past due taxes is meant to effectuate public policy by obtaining
22 additional tax dollars for the state.

23 48. Additionally, the Departments’ conduct violates the principal against “subvert[ing]
24 the relief afforded by the federal bankruptcy laws.” Cal. v. Yun (In re Yun), 476 B.R. 243, 253
25 (B.A.P. 9th Cir. 2012) (quoting Thomassen v. Div. of Med. Quality Assurance, Dept. of
26 Consumer Affairs, State of Cal. (In re Thomassen), 15 B.R. 907 (B.A.P. 9th Cir. 1981)). Indeed,
27 by obstructing the transfer of the two liquor licenses the Departments are jeopardizing the
28

1 Debtor's proposed Plan. The Plan provides for buyers to purchase the Debtor's liquor licenses
2 and then to transfer the liquor licenses to the buyers. However, although the Buyers have been
3 approved, the Departments are refusing to allow the liquor licenses to transfer the new owner for
4 the sole purpose of furthering California's pecuniary interests.

5
6 49. This refusal is causing and will cause further disastrous consequences to the
7 Debtor because the buyers of these Liquor Licenses may be lost if they are unable to sell any
8 alcohol at their restaurant locations. The threat of holding the transfers, if permitted to continue
9 to future purchases of liquor licenses will have significant detrimental effects on the proposed
10 Plan as the proposed buyer of the Restaurant Assets for the open locations may balk at the
11 transaction if the ability to sell alcohol is held up unjustifiably by the state of California.

12 50. Therefore, the Departments' conduct violates the automatic stay because the
13 purpose of its conduct does not satisfy the "pecuniary purpose" test or the "public policy" test.¹

14 **3. The Proper Method for the Departments to Collect any Past Due Taxes owed**
15 **by the Debtor is Provided in Section 1129(a)(9).**

16 51. In addition to violating the automatic stay and subverting the relief afforded to the
17 Debtor by the federal bankruptcy laws, the Departments are attempting to circumvent the well-
18 established rules and priorities for creditors who are owed money by the estate.

19 52. Specifically, Section 1129(a)(9) provides specific requirements regarding how pre-
20 petition tax debt must be treated under a Chapter 11 Plan:

21
22
23 ¹ Notably, even if a governmental unit's actions are excepted from the automatic stay pursuant to section
24 362(b)(4) of the Bankruptcy Code, bankruptcy courts may still prevent a governmental unit's bad-faith
25 exercise of its police or regulatory power against the estate. See PMI-DVW Real Estate Holdings, L.L.P.,
26 240 B.R. at 32, citing Javens v. City of Hazel Park (In re Javens), 107 F.3d 359, 366 (6th Cir. 1997).
27 "Congress removed local regulation only from the effect of the automatic stay; it did not eliminate the
28 bankruptcy court's power to enjoin the enforcement of local regulation which is shown to be used in bad
faith." In re Nat'l Hospital and Institutional Builders Co., 658 F.2d 39, 43 (2d Cir. 1981) (decided under
former Bankruptcy Act). As a result, the Court has the power under section 105 of the Bankruptcy Code
to protect the property of interests of the bankruptcy estate and thereby present from using its police or
regulatory power. See id. Out of an abundance of caution, the Debtor reserves its right to argue the
Departments are acting in bad faith.

1 (9) Except to the extent that the holder of a particular claim has agreed to a different
2 treatment of such claim, the plan provides that—

3 (A) with respect to a claim of a kind specified in section 507(a)(2) or 507(a)(3) of
4 this title, on the effective date of the plan, the holder of such claim will receive on
5 account of such claim cash equal to the allowed amount of such claim;

6 (B) with respect to a class of claims of a kind specified in section 507(a)(1),
7 507(a)(4), 507(a)(5), 507(a)(6), or 507(a)(7) of this title, each holder of a claim of
8 such class will receive--

9 (i) if such class has accepted the plan, deferred cash payments of a value, as
10 of the effective date of the plan, equal to the allowed amount of such claim;
11 or

12 (ii) if such class has not accepted the plan, cash on the effective date of the
13 plan equal to the allowed amount of such claim;

14 (C) with respect to a claim of a kind specified in section 507(a)(8) of this title, the
15 holder of such claim will receive on account of such claim regular installment
16 payments in cash--

17 (i) of a total value, as of the effective date of the plan, equal to the allowed
18 amount of such claim;

19 (ii) over a period ending not later than 5 years after the date of the order for
20 relief under section 301, 302, or 303; and

21 (iii) in a manner not less favorable than the most favored nonpriority
22 unsecured claim provided for by the plan (other than cash payments made to
23 a class of creditors under section 1122(b)); and

24 (D) with respect to a secured claim which would otherwise meet the description of
25 an unsecured claim of a governmental unit under section 507(a)(8), but for the
26 secured status of that claim, the holder of that claim will receive on account of that
27 claim, cash payments, in the same manner and over the same period, as prescribed
28 in subparagraph (C).

53. Here, subsections (a)(9)(C) and (D) are the subsections which will apply to the
Departments' pre-petition tax debt. See In re Trenton Ridge Inv'rs, LLC, 461 B.R. 440, 476
(Bankr. S.D. Ohio 2011) (explaining "Section 1129(a)(9)(C) requires a particular treatment of
unsecured claims of governmental units having priority under § 507(a)(8) of the Bankruptcy
Code" and Section 1129(a)(9)(D) "relates to secured claims which would otherwise meet the

1 description of an unsecured claim of a governmental unit under section 507(a)(8), but for the
2 secured status of that claim.”).

3 54. Accordingly, because a Court may not confirm a chapter 11 plan of reorganization
4 unless Section 1129(a)(9) is satisfied, the Departments need not be concerned that its pre-petition
5 tax debt will not be resolved. As a result, it is apparent the Departments’ justification for
6 obstructing the transfer of these two liquor licenses is illusory and wholly inappropriate.
7

8 55. Thus, it is unnecessary and improper for the Departments to prevent the transfer of
9 the two liquor licenses based on concerns regarding taxes because such actions are a violation of
10 the automatic stay and the Bankruptcy Code contains the exclusive mechanism for government
11 entities to collect pre-petition tax debt.

12 56. Therefore, because the Departments’ improper actions are compromising the
13 Debtor’s right to avail itself of the protections of the Bankruptcy Code by unjustifiably
14 undermining the Debtor’s Plan, the Debtor respectfully requests the Court direct the Departments
15 to show cause why it should not be held in contempt for violating the Bankruptcy Code.
16

17 **V. CONCLUSION**

18 WHEREFORE, the Debtor respectfully requests that the Court enter an order thereby:

19 1. Authorizing and approving the sale of the Liquor Licenses to the respective Buyers
20 via private sale, free and clear of any liens, claims and encumbrances, and subject to the terms and
21 conditions in the respective escrow Instructions and proposed form of order;

22 2. Directing the Departments to show cause as to why they should not be held in
23 contempt of Court and sanctioned for willful violations of the automatic stay as a result of its
24 unjustifiable obstruction of the transfer of the two liquor licenses;

25 3. Directing the Department to pay all of the Debtor’s reasonable attorneys’ fees and
26 costs in bringing and prosecuting this Motion through to decision because it involves willful
27 violations of the automatic stay; and
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4. The Court grant the Debtor such other and further relief as is just and proper.

Dated this 12th day of January, 2018.

Respectfully submitted,

By: /s/ Zachariah Larson
LARSON ZIRZOW & KAPLAN, LLC
ZACHARIAH LARSON, ESQ.
MATTHEW C. ZIRZOW, ESQ.
SHARA L. LARSON, ESQ.
850 E. Bonneville Ave.
Las Vegas, Nevada 89101

Attorneys for Debtor

EXHIBIT 1

EXHIBIT 1

Date: December 19, 2016

Escrow No.: 006061-GG

Page 2 of 5: Additional instructions made a part of previous pages as fully incorporated therein.

3. The Buyer does declare that he is fully cognizant of the provisions of the State Alcoholic Beverage Control Act with particular reference to qualification of licensees, and knows of no reason that a license should be denied him.
4. The Seller agrees to immediately furnish a License Transfer Request form (ABC form 211A) to ABC, in the manner required by said department, in order to notify them of this sale.
5. The Seller warrants and guarantees to the Buyer that to the best of his knowledge there are no citations, accusations or violations pending against the subject liquor license as being conveyed herein. Seller further warrants that he has good and legal right to convey same upon the approval of ABC.
6. The parties hereto agree that no representations have been made by any party other than those specifically set forth herein, and this agreement is the final agreement between the parties superseding all prior agreements whatsoever.
7. Notwithstanding the fact that paragraph #2 of these instructions calls for the Buyer to pay 100% of escrow fees and costs, it is agreed that at close of escrow, Escrow Holder shall debit from Seller's proceeds \$25.00 for each creditor's claim received into escrow, as a processing fee.
8. The Seller agrees to furnish the Escrow Holder with his FEIN, his State Board of Equalization re-sale permit number and his Employment Development Dept. account number within fifteen (15) days of date hereof. In the event any State taxing agencies place a hold against the transfer of the liquor license, the Seller agrees to cooperate in any manner required, including but not limited to filing any tax returns required by such agency within 15 days of date of request for same, so that the taxing agency can file a claim or demand for payment into this escrow. The Seller hereby authorizes and instructs the Escrow Holder to pay any such taxing agency claim(s) and the parties further authorize and instruct the Escrow Holder to pay any such claim(s) from those monies deposited into escrow, upon Escrow Holder's receipt of form 202A from the Dept. of Alcoholic Beverage Control. Any such payment is to be deducted from proceeds due Seller at close of escrow. Escrow Holder is authorized to charge the Seller the sum of \$100.00 for each State taxing agency claim so processed, at close of escrow.
9. The Seller warrants and represents that the Seller is not currently involved in any bankruptcy proceedings. Further, the Seller warrants that he will immediately advise the Escrow Holder, in writing, if he files a bankruptcy petition during the escrow period.
10. In the event that the ABC, or any other governmental agency having jurisdiction over the Buyer's proposed business premises, should deny a transfer of the license, or not give approval for issuance of the license to the Buyer, thereby causing ABC to deny a transfer of the license to the Buyer, this escrow is to be cancelled, and each party agrees to sign and deposit escrow cancellation instructions with Escrow Holder within 5 days of receipt of same from Escrow Holder. The escrow cancellation instructions shall provide for a return to the Buyer of the funds deposited into escrow by the Buyer, less only the escrow cancellation fee and costs, and less any finder's fee(s) paid by the Buyer to any agent or consultant at opening of escrow.
11. In the event that Buyer or Seller utilize "facsimile" transmitted, signed documents, the Buyer and Seller hereby agree to accept same and instruct Escrow Holder to accept same, and to rely upon such documents as if they bore original signature(s). Within 48 hours of such transmission, the Buyer and Seller agree to provide the Escrow Holder with the documents bearing the original signature(s), and you as the Escrow Holder shall be relieved of any responsibility and/or liability in connection therewith.
12. You may accept the Escrow Instructions and documents in counterparts as separate originals, regardless of the date of their signing and delivery. Such counterparts together shall be construed as one and the same document.
13. The parties acknowledge that they are aware that Capital Trust Escrow is not affiliated with any agent or consultant assisting the Seller or Buyer in this transaction.

(CONTINUED)

Seller's Initials: _____ / _____

Buyer's:  

Date: December 19, 2016

Escrow No.: 006061-GG

Page 3 of 5: Additional instructions made a part of previous pages as fully incorporated therein.

14. The undersigned Seller/Transferor acknowledges that Liquor License Auctioneers Inc., and its officers and employees, make no representations or warranties, whether express or implied, concerning the successful transfer of any alcoholic beverage license, and moreover, that all expressions relative thereto are matters of opinion only. The undersigned Seller/Transferor agrees to indemnify, defend, and hold harmless Liquor License Auctioneers Inc., and its officers and employees, from and against any and all liability, costs, and expenses, including reasonable attorney's fees, incurred by Liquor License Auctioneers Inc., and its officers and employees, as a result of the Buyer/Transferee's failure to close the transaction provided for in the above-referenced escrow. In addition, the undersigned Seller/Transferor covenants not to prosecute any demand, claim or suit against Liquor License Auctioneers Inc., and its officers and employees, as a result of the Buyer/Transferee failure to close the transaction.

15. The undersigned Buyer/Transferee acknowledges that Liquor License Auctioneers Inc., and its officers and employees, make no representations or warranties, whether express or implied, concerning the successful transfer of any alcoholic beverage license, and moreover, that all expressions relative thereto are matters of opinion only. The undersigned Buyer/Transferee agrees to indemnify, defend, and hold harmless Liquor License Auctioneers Inc., and its officers and employees, from and against any and all liability, costs, and expenses, including reasonable attorney's fees, incurred by Liquor License Auctioneers Inc., and its officers and employees, as a result of the Buyer/Transferee's failure to close the transaction provided for in the above-referenced escrow. In addition, the undersigned Buyer/Transferee covenants not to prosecute any demand, claim or suit against Liquor License Auctioneers Inc., and its officers and employees, as a result of the Seller/Transferor's failure to close the transaction.

(CONTINUED)

Seller's Initials: _____ / _____

Buyer's:  _____

Date: December 19, 2016

Escrow No.: 006061-GG

Page 4 of 5: Additional instructions made a part of previous pages as fully incorporated therein.

GENERAL PROVISIONS

The parties hereto, by mutual agreement do enter into this escrow at Capital Trust Escrow (hereafter "Escrow Holder"), for the purposes of completing this transaction in accordance with Sections 24071-24074 of the Business and Professions Code of California. The parties hereto agree to the following terms and conditions of this escrow.

1. In consideration of you acting as Escrow Holder herein, it is agreed that you shall in no case or event be liable for the failure of any of the conditions of this escrow or damage caused by the exercise of your discretion in any particular manner, or for any other reason, except gross negligence or willful misconduct with reference to the said escrow, and you shall not be liable or responsible for your failure to ascertain the terms or conditions, or to comply with any of the provisions of any agreement, contract or other document filed herewith or referred to herein, nor shall you be liable or responsible for forgeries or fraudulent impersonations.
2. If conflicting demands are made or notice served upon Escrow Holder or legal action is taken in connection with this escrow, Escrow Holder shall not be required to determine the same or take any action in the premises, but may withhold and stop all further proceedings without liability therefore, or Escrow Holder may file suit in interpleader requiring the Party's to answer and litigate their several claims and rights amongst themselves, or for declaratory relief. Upon such filing, Escrow Holder is authorized to deposit with the Clerk of the Court all documents and funds held in this escrow. Escrow Holder is thereupon released of any further liability or obligations with respect to this escrow. All Parties, jointly and severally, agree to pay all costs, damages, judgments, expenses and reasonable attorney's fees incurred by Escrow Holder in connection with any suit filed with interpleader, and a lien is hereby created in Escrow Holder's favor to cover said items. Buyer and Seller agree to save Escrow Holder harmless as escrow holder hereunder from all loss and expenses, including reasonable attorney's fees and court costs sustained by reason of any action, legal or otherwise, which may in any way arise out of this escrow, before or after closing, notwithstanding in these instructions to the contrary. This shall not be construed as indemnifying Escrow holder against its own negligence or breach of duty.
3. Escrow Holder may resign herefrom upon fifteen (15) days' written notice to Buyer and Seller and shall thereupon be fully released from any obligation to perform any further duties imposed upon it hereunder, provided however, Escrow Holder will transfer all files, funds, and recording relating to the escrow to any successor Escrow Holder upon receipt of a copy of executed escrow instructions designating such successor.
4. IT IS UNDERSTOOD that the fees and usual charges agreed upon for your services hereunder shall be considered compensation for your ordinary services as contemplated by these instructions, and in the event that the conditions of this escrow are not promptly fulfilled or that you render any service hereunder not provided for in the subject matter of this escrow or modification hereof, or that the controversy arises hereunder or that you are made a party to, or intervene in, any litigation pertaining to this escrow or the subject matter thereof, you shall be reasonably compensated for such extraordinary services and reimbursed for all costs, attorney's fees, and expenses occasioned by such default, delay, controversy or litigation and you shall have the right to retain all documents and/or other things of value at any time held by you hereunder until such compensation, fees, costs and expenses shall be paid, the undersigned hereby jointly and severally promising to pay such sums upon demand.
5. The parties hereto authorize Escrow Holder to pay from funds deposited in escrow, all charges for publications, recordings, filings, searches, and other services required by this escrow, when incurred, with no further authorization on the part of any party required. The parties hereto authorize Escrow Holder to pay from funds deposited into escrow, all escrow fees, attorney's fees, costs or other charges incurred by Escrow Holder in connection with this escrow with no further authorization on the part of any party required. Following mutual cancellation of this escrow, Escrow Holder shall return any funds and documents in escrow, less amount deducted from incurred escrow fees and other costs, to the party depositing same.
6. Escrow Holder is instructed to pay claims filed as approved by the Seller from the consideration in escrow as provided in accordance with Sections 24071-24074 of the Business and Professions Code as appropriate. Escrow Holder is further instructed to pay such taxes and amounts approved by Seller and as specified in Business and Professions Code Section 24049 as are required by the Dept. of Alcoholic Beverage Control to be paid as a condition precedent to the transfer of the license.
7. If the Seller disputes any claim filed in escrow, Escrow Holder shall withhold funds from Seller's proceeds, make notifications to the disputed creditor and disburse funds as provided in Sections 24071-24074 of the Business and Professions Code of California.

(CONTINUED)

Seller's Initials: /

Buyer's: *DR* *SC*

Date: December 19, 2016

Escrow No.: 006061-GG

Page 5 of 5: Additional instructions made a part of previous pages as fully incorporated therein.

8. If the cash deposited is insufficient to pay in full all of the claims filed, the Escrow Holder shall withhold funds from Seller's proceeds, make appropriate notifications to creditors and disburse funds as provided in Sections 24071-24074 of the Business and Professions Code of California.

9. Escrow Holder is authorized to destroy, without further notice to the parties hereto, all material, including but not limited to papers, instructions and documents connected with this escrow, five (5) years after close of escrow.

10. In addition to any other provisions herein, Seller and Buyer acknowledge that you, as Escrow Holder, rely on information supplied by the parties and claimants in this escrow in making distribution of the consideration. The parties acknowledge that they review and approve such distributions. Therefore, the parties agree to indemnify and hold you harmless for any and all claims, damages or liabilities arising out of such distributions. Therefore, the parties agree to indemnify and hold you harmless for any and all claims, damages or liabilities arising out of such distributions. The parties further agree not to hold you responsible for any losses, expenses, costs or penalties which the parties may sustain arising out of such distributions.

11. It is understood that the within instructions and agreements are for the benefit of the parties hereto only and are not intended to constitute an assignment, either legal or equitable, to or in favor of any person(s) not a party to this escrow or to create in any person(s) not a party hereto, any interest either legal or equitable in the property being transferred through this escrow or the consideration paid therefor.

12. YOU WILL ASSUME NO RESPONSIBILITY FOR THE PAYMENT OF ANY TAXES, AS ANY SUCH PAYMENT(S) MADE BY ESCROW HOLDER MAY OR MAY NOT CONSTITUTE FULL OR FINAL PAYMENT THEREOF.

13. Buyer may, at Buyer's option, instruct you in writing before payment of any taxes due by Seller not to make any such payment, until Buyer is satisfied with the disposition of any taxes affecting the liquor license described herein.

14. It is understood that you are to make no examination of the property described herein nor of the title thereto, as such determination is made solely by the Dept. of Alcoholic Beverage Control.

15. The expression "close of escrow" or "closing date" for the purposes of Section 24071-24074 of the Business and Professions Code shall mean the date Escrow Holder is authorized to disburse funds and deliver documents pursuant to the provisions as set out in said Business and Professions Code.

16. These instructions are to be construed and interpreted according to California law.

17. The parties acknowledge, consent and expressly authorize the Escrow Holder to convert, store, or otherwise maintain any original documents (including executed purchase agreements) or copy(ies) thereof submitted or otherwise provided to Escrow Holder, in an electronic format or medium for all purposes. Upon Escrow Holder memorializing any documents into an electronic format, it is expressly authorized, without any liability, to destroy the paper documents submitted or otherwise provided to Escrow Holder. The parties to these escrow instructions authorize you to destroy these instructions and all other instructions, documents and records of this escrow at any time after five (5) years from the close of escrow, cancellation, or date of the last activity without liability and without further notice to the parties.

18. NO ACTION SHALL LIE AGAINST ESCROW HOLDER FOR ANY CLAIM, LOSS, LIABILITY OR ALLEGED CAUSE OF ACTION OF ANY KIND OR NATURE WHATSOEVER, HOWEVER CAUSED OR OCCURRED, UNDER THIS ESCROW OR IN CONNECTION WITH THE HANDLING OR PROCESSING OF THIS ESCROW, UNLESS BROUGHT WITHIN TWELVE (12) MONTHS AFTER THE CLOSE OF ESCROW OR ANY CANCELLATION OR TERMINATION OF ESCROW FOR ANY REASON WHATSOEVER.

ESCROW COMPANIES ARE NOT AUTHORIZED TO GIVE LEGAL ADVICE. IF YOU DESIRE LEGAL ADVICE, CONSULT YOUR ATTORNEY BEFORE SIGNING.

EACH PARTY SIGNING THESE INSTRUCTIONS HAS READ THESE GENERAL PROVISIONS, AND APPROVES, ACCEPTS AND AGREES TO BE BOUND THEREBY. ALL PARTIES SIGNING THIS AGREEMENT HEREBY ACKNOWLEDGE RECEIPT OF A COPY OF THESE INSTRUCTIONS.

SELLER:

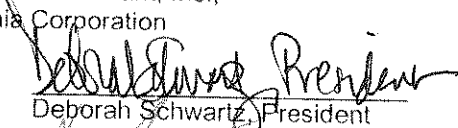
CM EBAR, LLC,
a Texas Limited Liability Company

By: _____
Akash Bhakta, Manager

By: _____
Ronak Parimal Parikh, Manager

BUYER:

Little Beast Restaurant, Inc.,
a California Corporation

By: 
Deborah Schwartz, President

By: 
Sean Lowenthal, Secretary

280 S. Beverly Drive, #300
Beverly Hills, CA 90212

Phone: (310) 273-0100
Fax: (888) 908-0836



Capital Trust Escrow

CAPITAL TRUST ESCROW IS LICENSED BY THE DEPARTMENT OF BUSINESS OVERSIGHT OF THE STATE OF CALIFORNIA, LICENSE NUMBER 963 2713

ESCROW INSTRUCTIONS - SALE OF LIQUOR LICENSE

Gabby Garcia
Escrow Officer

Escrow No.: 006061-GG
Date: December 19, 2016

This instruction is given **December 19, 2016**, by and between the SELLER (hereinafter called Seller)

CM EBAR, LLC

and the BUYER (hereinafter called Buyer)

Little Beast Restaurant, Inc.

WITNESSETH: Whereas the Seller is the owner of the Liquor License described as:

License No.: 47-549173
License Type: On-Sale General Eating Place
Located at: 1225 Willow Pass Rd, Concord, CA 94520

And whereas the Seller agrees to sell and the Buyer agrees to purchase the above from the Seller on the following terms and conditions, you are now instructed as follows:

PURCHASE PRICE, which does include On-Sale General Eating Place - License # 47-549173, to be transferred to:
1496 Colorado Blvd, Los Angeles, CA 90041

PURCHASE PRICE shall be the sum of \$21,000.00

Payable as follows:

Initial deposit in the amount of \$2,100.00

and on or before 30 days from date of Buyer's application at the Dept. of Alcoholic Beverage Control for the transfer of the license, by wire transfer to Capital Trust Escrow, the additional sum of \$18,900.00

Balance of all monies due shall be deposited by the Buyer by wire transfer to Capital Trust Escrow on or before submission of form 226 to the Dept. of Alcoholic Beverage Control (hereinafter called "ABC")

INSTRUCTIONS:

1. This escrow shall close upon issuance of permanent On-Sale General Eating Place License to the Buyer by ABC. The close of this escrow is contingent upon the transfer of the liquor license to the Buyer. Buyer agrees to make application for the transfer of the liquor license at the proper office of the ABC within 30 days of his receipt of a fully executed ABC 227 form. The Buyer is to pay the license transfer fee and all renewal fees for the license. If the Seller's renewal fee for the license becomes due during the escrow period, the Buyer agrees to pay it by 2/28/17 and prior to its delinquency date, for his own benefit.
2. The parties hereto agree to pay all escrow charges, costs and fees on a basis of 100% from the Buyer.

(CONTINUED)

Seller's Initials: AGS / KLL

Buyer's Initials: _____ / _____

Date: December 19, 2016

Escrow No.: 006061-GG

Page 2 of 5: Additional instructions made a part of previous pages as fully incorporated therein.

3. The Buyer does declare that he is fully cognizant of the provisions of the State Alcoholic Beverage Control Act with particular reference to qualification of licensees, and knows of no reason that a license should be denied him.
4. The Seller agrees to immediately furnish a License Transfer Request form (ABC form 211A) to ABC, in the manner required by said department, in order to notify them of this sale.
5. The Seller warrants and guarantees to the Buyer that to the best of his knowledge there are no citations, accusations or violations pending against the subject liquor license as being conveyed herein. Seller further warrants that he has good and legal right to convey same upon the approval of ABC.
6. The parties hereto agree that no representations have been made by any party other than those specifically set forth herein, and this agreement is the final agreement between the parties superseding all prior agreements whatsoever.
7. Notwithstanding the fact that paragraph #2 of these instructions calls for the Buyer to pay 100% of escrow fees and costs, it is agreed that at close of escrow, Escrow Holder shall debit from Seller's proceeds \$25.00 for each creditor's claim received into escrow, as a processing fee.
8. The Seller agrees to furnish the Escrow Holder with his FEIN, his State Board of Equalization re-sale permit number and his Employment Development Dept. account number within fifteen (15) days of date hereof. In the event any State taxing agencies place a hold against the transfer of the liquor license, the Seller agrees to cooperate in any manner required, including but not limited to filing any tax returns required by such agency within 15 days of date of request for same, so that the taxing agency can file a claim or demand for payment into this escrow. The Seller hereby authorizes and instructs the Escrow Holder to pay any such taxing agency claim(s) and the parties further authorize and instruct the Escrow Holder to pay any such claim(s) from those monies deposited into escrow, upon Escrow Holder's receipt of form 202A from the Dept. of Alcoholic Beverage Control. Any such payment is to be deducted from proceeds due Seller at close of escrow. Escrow Holder is authorized to charge the Seller the sum of \$100.00 for each State taxing agency claim so processed, at close of escrow.
9. The Seller warrants and represents that the Seller is not currently involved in any bankruptcy proceedings. Further, the Seller warrants that he will immediately advise the Escrow Holder, in writing, if he files a bankruptcy petition during the escrow period.
10. In the event that the ABC, or any other governmental agency having jurisdiction over the Buyer's proposed business premises, should deny a transfer of the license, or not give approval for issuance of the license to the Buyer, thereby causing ABC to deny a transfer of the license to the Buyer, this escrow is to be cancelled, and each party agrees to sign and deposit escrow cancellation instructions with Escrow Holder within 5 days of receipt of same from Escrow Holder. The escrow cancellation instructions shall provide for a return to the Buyer of the funds deposited into escrow by the Buyer, less only the escrow cancellation fee and costs, and less any finder's fee(s) paid by the Buyer to any agent or consultant at opening of escrow.
11. In the event that Buyer or Seller utilize "facsimile" transmitted, signed documents, the Buyer and Seller hereby agree to accept same and instruct Escrow Holder to accept same, and to rely upon such documents as if they bore original signature(s). Within 48 hours of such transmission, the Buyer and Seller agree to provide the Escrow Holder with the documents bearing the original signature(s), and you as the Escrow Holder shall be relieved of any responsibility and/or liability in connection therewith.
12. You may accept the Escrow Instructions and documents in counterparts as separate originals, regardless of the date of their signing and delivery. Such counterparts together shall be construed as one and the same document.
13. The parties acknowledge that they are aware that Capital Trust Escrow is not affiliated with any agent or consultant assisting the Seller or Buyer in this transaction.

(CONTINUED)

Seller's Initials: ABC / JAK

Buyer's: _____ / _____

Date: December 19, 2016

Escrow No.: 006061-GG

Page 3 of 5: Additional instructions made a part of previous pages as fully incorporated therein.

14. The undersigned Seller/Transferor acknowledges that Liquor License Auctioneers Inc., and its officers and employees, make no representations or warranties, whether express or implied, concerning the successful transfer of any alcoholic beverage license, and moreover, that all expressions relative thereto are matters of opinion only. The undersigned Seller/Transferor agrees to indemnify, defend, and hold harmless Liquor License Auctioneers Inc., and its officers and employees, from and against any and all liability, costs, and expenses, including reasonable attorney's fees, incurred by Liquor License Auctioneers Inc., and its officers and employees, as a result of the Buyer/Transferee's failure to close the transaction provided for in the above-referenced escrow. In addition, the undersigned Seller/Transferor covenants not to prosecute any demand, claim or suit against Liquor License Auctioneers Inc., and its officers and employees, as a result of the Buyer/Transferee failure to close the transaction.

15. The undersigned Buyer/Transferee acknowledges that Liquor License Auctioneers Inc., and its officers and employees, make no representations or warranties, whether express or implied, concerning the successful transfer of any alcoholic beverage license, and moreover, that all expressions relative thereto are matters of opinion only. The undersigned Buyer/Transferee agrees to indemnify, defend, and hold harmless Liquor License Auctioneers Inc., and its officers and employees, from and against any and all liability, costs, and expenses, including reasonable attorney's fees, incurred by Liquor License Auctioneers Inc., and its officers and employees, as a result of the Buyer/Transferee's failure to close the transaction provided for in the above-referenced escrow. In addition, the undersigned Buyer/Transferee covenants not to prosecute any demand, claim or suit against Liquor License Auctioneers Inc., and its officers and employees, as a result of the Seller/Transferor's failure to close the transaction.

(CONTINUED)

Seller's Initials MD / RSR

Buyer's: /

Date: December 19, 2016

Escrow No.: 006061-GG

Page 4 of 5: Additional instructions made a part of previous pages as fully incorporated therein.

GENERAL PROVISIONS

The parties hereto, by mutual agreement do enter into this escrow at Capital Trust Escrow (hereafter "Escrow Holder"), for the purposes of completing this transaction in accordance with Sections 24071-24074 of the Business and Professions Code of California. The parties hereto agree to the following terms and conditions of this escrow.

1. In consideration of you acting as Escrow Holder herein, it is agreed that you shall in no case or event be liable for the failure of any of the conditions of this escrow or damage caused by the exercise of your discretion in any particular manner, or for any other reason, except gross negligence or willful misconduct with reference to the said escrow, and you shall not be liable or responsible for your failure to ascertain the terms or conditions, or to comply with any of the provisions of any agreement, contract or other document filed herewith or referred to herein, nor shall you be liable or responsible for forgeries or fraudulent impersonations.

2. If conflicting demands are made or notice served upon Escrow Holder or legal action is taken in connection with this escrow, Escrow Holder shall not be required to determine the same or take any action in the premises, but may withhold and stop all further proceedings without liability therefore, or Escrow Holder may file suit in interpleader requiring the Party's to answer and litigate their several claims and rights amongst themselves, or for declaratory relief. Upon such filing, Escrow Holder is authorized to deposit with the Clerk of the Court all documents and funds held in this escrow. Escrow Holder is thereupon released of any further liability or obligations with respect to this escrow. All Parties, jointly and severally, agree to pay all costs, damages, judgments, expenses and reasonable attorney's fees incurred by Escrow Holder in connection with any suit filed with interpleader, and a lien is hereby created in Escrow Holder's favor to cover said items. Buyer and Seller agree to save Escrow Holder harmless as escrow holder hereunder from all loss and expenses, including reasonable attorney's fees and court costs sustained by reason of any action, legal or otherwise, which may in any way arise out of this escrow, before or after closing, notwithstanding in these instructions to the contrary. This shall not be construed as indemnifying Escrow holder against its own negligence or breach of duty.

3. Escrow Holder may resign herefrom upon fifteen (15) days' written notice to Buyer and Seller and shall thereupon be fully released from any obligation to perform any further duties imposed upon it hereunder, provided however, Escrow Holder will transfer all files, funds, and recording relating to the escrow to any successor Escrow Holder upon receipt of a copy of executed escrow instructions designating such successor.

4. IT IS UNDERSTOOD that the fees and usual charges agreed upon for your services hereunder shall be considered compensation for your ordinary services as contemplated by these instructions, and in the event that the conditions of this escrow are not promptly fulfilled or that you render any service hereunder not provided for in the subject matter of this escrow or modification hereof, or that the controversy arises hereunder or that you are made a party to, or intervene in, any litigation pertaining to this escrow or the subject matter thereof, you shall be reasonably compensated for such extraordinary services and reimbursed for all costs, attorney's fees, and expenses occasioned by such default, delay, controversy or litigation and you shall have the right to retain all documents and/or other things of value at any time held by your hereunder until such compensation, fees, costs and expenses shall be paid, the undersigned hereby jointly and severally promising to pay such sums upon demand.

5. The parties hereto authorize Escrow Holder to pay from funds deposited in escrow, all charges for publications, recordings, filings, searches, and other services required by this escrow, when incurred, with no further authorization on the part of any party required. The parties hereto authorize Escrow Holder to pay from funds deposited into escrow, all escrow fees, attorney's fees, costs or other charges incurred by Escrow Holder in connection with this escrow with no further authorization on the part of any party required. Following mutual cancellation of this escrow, Escrow Holder shall return any funds and documents in escrow, less amount deducted from incurred escrow fees and other costs, to the party depositing same.

6. Escrow Holder is instructed to pay claims filed as approved by the Seller from the consideration in escrow as provided in accordance with Sections 24071-24074 of the Business and Professions Code as appropriate. Escrow Holder is further instructed to pay such taxes and amounts approved by Seller and as specified in Business and Professions Code Section 24049 as are required by the Dept. of Alcoholic Beverage Control to be paid as a condition precedent to the transfer of the license.

7. If the Seller disputes any claim filed in escrow, Escrow Holder shall withhold funds from Seller's proceeds, make notifications to the disputed creditor and disburse funds as provided in Sections 24071-24074 of the Business and Professions Code of California.

(CONTINUED)

Seller's Initials: AD, KSP

Buyer's: _____ / _____

Date: December 19, 2016

Escrow No.: 006061-GG

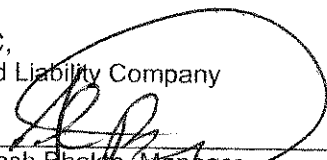
Page 5 of 5: Additional instructions made a part of previous pages as fully incorporated therein.

8. If the cash deposited is insufficient to pay in full all of the claims filed, the Escrow Holder shall withhold funds from Seller's proceeds, make appropriate notifications to creditors and disburse funds as provided in Sections 24071-24074 of the Business and Professions Code of California.
9. Escrow Holder is authorized to destroy, without further notice to the parties hereto, all material, including but not limited to papers, instructions and documents connected with this escrow, five (5) years after close of escrow.
10. In addition to any other provisions herein, Seller and Buyer acknowledge that you, as Escrow Holder, rely on information supplied by the parties and claimants in this escrow in making distribution of the consideration. The parties acknowledge that they review and approve such distributions. Therefore, the parties agree to indemnify and hold you harmless for any and all claims, damages or liabilities arising out of such distributions. Therefore, the parties agree to indemnify and hold you harmless for any and all claims, damages or liabilities arising out of such distributions. The parties further agree not to hold you responsible for any losses, expenses, costs or penalties which the parties may sustain arising out of such distributions.
11. It is understood that the within instructions and agreements are for the benefit of the parties hereto only and are not intended to constitute an assignment, either legal or equitable, to or in favor of any person(s) not a party to this escrow or to create in any person(s) not a party hereto, any interest either legal or equitable in the property being transferred through this escrow or the consideration paid therefor.
12. YOU WILL ASSUME NO RESPONSIBILITY FOR THE PAYMENT OF ANY TAXES, AS ANY SUCH PAYMENT(S) MADE BY ESCROW HOLDER MAY OR MAY NOT CONSTITUTE FULL OR FINAL PAYMENT THEREOF.
13. Buyer may, at Buyer's option, instruct you in writing before payment of any taxes due by Seller not to make any such payment, until Buyer is satisfied with the disposition of any taxes affecting the liquor license described herein.
14. It is understood that you are to make no examination of the property described herein nor of the title thereto, as such determination is made solely by the Dept. of Alcoholic Beverage Control.
15. The expression "close of escrow" or "closing date" for the purposes of Section 24071-24074 of the Business and Professions Code shall mean the date Escrow Holder is authorized to disburse funds and deliver documents pursuant to the provisions as set out in said Business and Professions Code.
16. These instructions are to be construed and interpreted according to California law.
17. The parties acknowledge, consent and expressly authorize the Escrow Holder to convert, store, or otherwise maintain any original documents (including executed purchase agreements) or copy(ies) thereof submitted or otherwise provided to Escrow Holder, in an electronic format or medium for all purposes. Upon Escrow Holder memorializing any documents into an electronic format, it is expressly authorized, without any liability, to destroy the paper documents submitted or otherwise provided to Escrow Holder. The parties to these escrow instructions authorize you to destroy these instructions and all other instructions, documents and records of this escrow at any time after five (5) years from the close of escrow, cancellation, or date of the last activity without liability and without further notice to the parties.
18. **NO ACTION SHALL LIE AGAINST ESCROW HOLDER FOR ANY CLAIM, LOSS, LIABILITY OR ALLEGED CAUSE OF ACTION OF ANY KIND OR NATURE WHATSOEVER, HOWEVER CAUSED OR OCCURRED, UNDER THIS ESCROW OR IN CONNECTION WITH THE HANDLING OR PROCESSING OF THIS ESCROW, UNLESS BROUGHT WITHIN TWELVE (12) MONTHS AFTER THE CLOSE OF ESCROW OR ANY CANCELLATION OR TERMINATION OF ESCROW FOR ANY REASON WHATSOEVER.**

ESCROW COMPANIES ARE NOT AUTHORIZED TO GIVE LEGAL ADVICE. IF YOU DESIRE LEGAL ADVICE, CONSULT YOUR ATTORNEY BEFORE SIGNING.

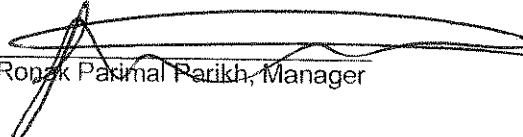
EACH PARTY SIGNING THESE INSTRUCTIONS HAS READ THESE GENERAL PROVISIONS, AND APPROVES, ACCEPTS AND AGREES TO BE BOUND THEREBY. ALL PARTIES SIGNING THIS AGREEMENT HEREBY ACKNOWLEDGE RECEIPT OF A COPY OF THESE INSTRUCTIONS.

SELLER:
 CM EBAR, LLC,
 a Texas Limited Liability Company

By: 
 Akash Bhakta, Manager

BUYER:
 Little Beast Restaurant, Inc.,
 a California Corporation

By: _____
 Deborah Schwartz, President

By: 
 Ronak Parimal Parikh, Manager

By: _____
 Sean Lowenthal, Secretary

EXHIBIT 2

EXHIBIT 2

280 S. Beverly Drive, #300
Beverly Hills, CA 90212

Phone: (310) 273-0100
Fax: (888) 908-0836



Capital Trust Escrow

CAPITAL TRUST ESCROW IS LICENSED BY THE DEPARTMENT OF BUSINESS OVERSIGHT OF THE STATE OF CALIFORNIA, LICENSE NUMBER 963 2713

ESCROW INSTRUCTIONS - SALE OF LIQUOR LICENSE

Hannah Joo
Escrow Officer

Escrow No.: 006470-GG
Date: May 1, 2017

This instruction is given **May 1, 2017**, by and between the SELLER (hereinafter called Seller)

CM EBAR, LLC

and the BUYER (hereinafter called Buyer)

Liquor License Agents and/or assignee

WITNESSETH: Whereas the Seller is the owner of the Liquor License described as:

License No.: **47-549228**
License Type: **On-Sale General Eating Place**
Located at: **75 Serramonte Ctr, Daly City, CA 94015**

And whereas the Seller agrees to sell and the Buyer agrees to purchase the above from the Seller on the following terms and conditions, you are now instructed as follows:

PURCHASE PRICE, which does include On-Sale General Eating Place - License # 47-549228, to be transferred to: **to be submitted,**


PURCHASE PRICE shall be the sum of \$50,000.00
Payable as follows:
Initial deposit in the amount of \$5,000.00
and on or before 30 days from date of Buyer's application at the Dept. of Alcoholic Beverage Control
for the transfer of the license, by wire transfer to Capital Trust Escrow, the additional sum of \$45,000.00
Balance of all monies due shall be deposited by the Buyer by wire transfer to Capital Trust Escrow on or before
submission of form 226 to the Dept. of Alcoholic Beverage Control (hereinafter called "ABC")

INSTRUCTIONS:

1. The close of this escrow is contingent upon the Buyer assigning its interest in this transaction to a third party within 60 days from the date of these instructions. Upon Buyer's assignment of interest, the Seller agrees to execute any document(s) required by the Dept. of Alcoholic Beverage Control and by Escrow Holder to accomplish such assignment, if any.

(CONTINUED)

Seller's Initials: _____ / _____

Buyer's Initials: _____ 

Date: May 1, 2017

Escrow No.: 006470-GG

Page 2 of 5: Additional instructions made a part of previous pages as fully incorporated therein.

2. This escrow shall close upon issuance of permanent On-Sale General Eating Place License to the Buyer by ABC. The close of this escrow is contingent upon the transfer of the liquor license to the Buyer. Buyer agrees to make application for the transfer of the liquor license at the proper office of the ABC within 30 days of his receipt of a fully executed ABC 227 form. The Buyer is to pay the license transfer fee and all renewal fees for the license. If the Seller's renewal fee for the license becomes due during the escrow period, the Buyer agrees to pay it by 10/31/17 and prior to its delinquency date, for his own benefit.
3. The parties hereto agree to pay all escrow charges, costs and fees on a basis of 100% from the Buyer.
4. The Buyer does declare that he is fully cognizant of the provisions of the State Alcoholic Beverage Control Act with particular reference to qualification of licensees, and knows of no reason that a license should be denied him.
5. The Seller agrees to immediately furnish a License Transfer Request form (ABC form 211A) to ABC, in the manner required by said department, in order to notify them of this sale.
6. The Seller warrants and guarantees to the Buyer that to the best of his knowledge there are no citations, accusations or violations pending against the subject liquor license as being conveyed herein. Seller further warrants that he has good and legal right to convey same upon the approval of ABC.
7. The parties hereto agree that no representations have been made by any party other than those specifically set forth herein, and this agreement is the final agreement between the parties superseding all prior agreements whatsoever.
8. Notwithstanding the fact that paragraph #3 of these instructions calls for the Buyer to pay 100% of escrow fees and costs, it is agreed that at close of escrow, Escrow Holder shall debit from Seller's proceeds \$25.00 for each creditor's claim received into escrow, as a processing fee.
9. The Seller agrees to furnish the Escrow Holder with his FEIN, his State Board of Equalization re-sale permit number and his Employment Development Dept. account number within fifteen (15) days of date hereof. In the event any State taxing agencies place a hold against the transfer of the liquor license, the Seller agrees to cooperate in any manner required, including but not limited to filing any tax returns required by such agency within 15 days of date of request for same, so that the taxing agency can file a claim or demand for payment into this escrow. The Seller hereby authorizes and instructs the Escrow Holder to pay any such taxing agency claim(s) and the parties further authorize and instruct the Escrow Holder to pay any such claim(s) from those monies deposited into escrow, upon Escrow Holder's receipt of form 202A from the Dept. of Alcoholic Beverage Control. Any such payment is to be deducted from proceeds due Seller at close of escrow. Escrow Holder is authorized to charge the Seller the sum of \$100.00 for each State taxing agency claim so processed, at close of escrow.
10. The Seller warrants and represents that the Seller is not currently involved in any bankruptcy proceedings. Further, the Seller warrants that he will immediately advise the Escrow Holder, in writing, if he files a bankruptcy petition during the escrow period.
11. In the event that the ABC, or any other governmental agency having jurisdiction over the Buyer's proposed business premises, should deny a transfer of the license, or not give approval for issuance of the license to the Buyer, thereby causing ABC to deny a transfer of the license to the Buyer, this escrow is to be cancelled, and each party agrees to sign and deposit escrow cancellation instructions with Escrow Holder within 5 days of receipt of same from Escrow Holder. The escrow cancellation instructions shall provide for a return to the Buyer of the funds deposited into escrow by the Buyer, less only the escrow cancellation fee and costs, and less any finder's fee(s) paid by the Buyer to any agent or consultant at opening of escrow.

(CONTINUED)

Seller's Initials: _____ / _____

Buyer's: _____



Date: May 1, 2017

Escrow No.: 006470-GG

Page 3 of 5: Additional instructions made a part of previous pages as fully incorporated therein.

12. In the event that Buyer or Seller utilize "facsimile" transmitted, signed documents, the Buyer and Seller hereby agree to accept same and instruct Escrow Holder to accept same, and to rely upon such documents as if they bore original signature(s). Within 48 hours of such transmission, the Buyer and Seller agree to provide the Escrow Holder with the documents bearing the original signature(s), and you as the Escrow Holder shall be relieved of any responsibility and/or liability in connection therewith.
13. You may accept the Escrow Instructions and documents in counterparts as separate originals, regardless of the date of their signing and delivery. Such counterparts together shall be construed as one and the same document.
14. The parties acknowledge that they are aware that Capital Trust Escrow is not affiliated with any agent or consultant assisting the Seller or Buyer in this transaction.
15. The undersigned Seller/Transferor acknowledges that Liquor License Agents, and its officers and employees, make no representations or warranties, whether express or implied, concerning the successful transfer of any alcoholic beverage license, and moreover, that all expressions relative thereto are matters of opinion only. The undersigned Seller/Transferor agrees to indemnify, defend, and hold harmless Liquor License Agents, and its officers and employees, from and against any and all liability, costs, and expenses, including reasonable attorney's fees, incurred by Liquor License Agents, and its officers and employees, as a result of the Buyer/Transferee's failure to close the transaction provided for in the above-referenced escrow. In addition, the undersigned Seller/Transferor covenants not to prosecute any demand, claim or suit against Liquor License Agents, and its officers and employees, as a result of the Buyer/Transferee failure to close the transaction.

(CONTINUED)

Seller's Initials: _____ / _____

Buyer's: _____



Date: May 1, 2017

Escrow No.: 006470-GG

Page 4 of 5: Additional instructions made a part of previous pages as fully incorporated therein.

GENERAL PROVISIONS

The parties hereto, by mutual agreement do enter into this escrow at Capital Trust Escrow (hereafter "Escrow Holder"), for the purposes of completing this transaction in accordance with Sections 24071-24074 of the Business and Professions Code of California. The parties hereto agree to the following terms and conditions of this escrow.

1. In consideration of you acting as Escrow Holder herein, it is agreed that you shall in no case or event be liable for the failure of any of the conditions of this escrow or damage caused by the exercise of your discretion in any particular manner, or for any other reason, except gross negligence or willful misconduct with reference to the said escrow, and you shall not be liable or responsible for your failure to ascertain the terms or conditions, or to comply with any of the provisions of any agreement, contract or other document filed herewith or referred to herein, nor shall you be liable or responsible for forgeries or fraudulent impersonations.

2. If conflicting demands are made or notice served upon Escrow Holder or legal action is taken in connection with this escrow, Escrow Holder shall not be required to determine the same or take any action in the premises, but may withhold and stop all further proceedings without liability therefore, or Escrow Holder may file suit in interpleader requiring the Party's to answer and litigate their several claims and rights amongst themselves, or for declaratory relief. Upon such filing, Escrow Holder is authorized to deposit with the Clerk of the Court all documents and funds held in this escrow. Escrow Holder is thereupon released of any further liability or obligations with respect to this escrow. All Parties, jointly and severally, agree to pay all costs, damages, judgments, expenses and reasonable attorney's fees incurred by Escrow Holder in connection with any suit filed with interpleader, and a lien is hereby created in Escrow Holder's favor to cover said items. Buyer and Seller agree to save Escrow Holder harmless as escrow holder hereunder from all loss and expenses, including reasonable attorney's fees and court costs sustained by reason of any action, legal or otherwise, which may in any way arise out of this escrow, before or after closing, notwithstanding in these instructions to the contrary. This shall not be construed as indemnifying Escrow holder against its own negligence or breach of duty.

3. Escrow Holder may resign herefrom upon fifteen (15) days' written notice to Buyer and Seller and shall thereupon be fully released from any obligation to perform any further duties imposed upon it hereunder, provided however, Escrow Holder will transfer all files, funds, and recording relating to the escrow to any successor Escrow Holder upon receipt of a copy of executed escrow instructions designating such successor.

4. IT IS UNDERSTOOD that the fees and usual charges agreed upon for your services hereunder shall be considered compensation for your ordinary services as contemplated by these instructions, and in the event that the conditions of this escrow are not promptly fulfilled or that you render any service hereunder not provided for in the subject matter of this escrow or modification hereof, or that the controversy arises hereunder or that you are made a party to, or intervene in, any litigation pertaining to this escrow or the subject matter thereof, you shall be reasonably compensated for such extraordinary services and reimbursed for all costs, attorney's fees, and expenses occasioned by such default, delay, controversy or litigation and you shall have the right to retain all documents and/or other things of value at any time held by you hereunder until such compensation, fees, costs and expenses shall be paid, the undersigned hereby jointly and severally promising to pay such sums upon demand.

5. The parties hereto authorize Escrow Holder to pay from funds deposited in escrow, all charges for publications, recordings, filings, searches, and other services required by this escrow, when incurred, with no further authorization on the part of any party required. The parties hereto authorize Escrow Holder to pay from funds deposited into escrow, all escrow fees, attorney's fees, costs or other charges incurred by Escrow Holder in connection with this escrow with no further authorization on the part of any party required. Following mutual cancellation of this escrow, Escrow Holder shall return any funds and documents in escrow, less amount deducted from incurred escrow fees and other costs, to the party depositing same.

6. Escrow Holder is instructed to pay claims filed as approved by the Seller from the consideration in escrow as provided in accordance with Sections 24071-24074 of the Business and Professions Code as appropriate. Escrow Holder is further instructed to pay such taxes and amounts approved by Seller and as specified in Business and Professions Code Section 24049 as are required by the Dept. of Alcoholic Beverage Control to be paid as a condition precedent to the transfer of the license.

7. If the Seller disputes any claim filed in escrow, Escrow Holder shall withhold funds from Seller's proceeds, make notifications to the disputed creditor and disburse funds as provided in Sections 24071-24074 of the Business and Professions Code of California.

(CONTINUED)

Seller's Initials: _____ / _____

Buyer's: _____



Date: May 1, 2017

Escrow No.: 006470-GG

Page 5 of 5: Additional instructions made a part of previous pages as fully incorporated therein.

8. If the cash deposited is insufficient to pay in full all of the claims filed, the Escrow Holder shall withhold funds from Seller's proceeds, make appropriate notifications to creditors and disburse funds as provided in Sections 24071-24074 of the Business and Professions Code of California.

9. Escrow Holder is authorized to destroy, without further notice to the parties hereto, all material, including but not limited to papers, instructions and documents connected with this escrow, five (5) years after close of escrow.

10. In addition to any other provisions herein, Seller and Buyer acknowledge that you, as Escrow Holder, rely on information supplied by the parties and claimants in this escrow in making distribution of the consideration. The parties acknowledge that they review and approve such distributions. Therefore, the parties agree to indemnify and hold you harmless for any and all claims, damages or liabilities arising out of such distributions. Therefore, the parties agree to indemnify and hold you harmless for any and all claims, damages or liabilities arising out of such distributions. The parties further agree not to hold you responsible for any losses, expenses, costs or penalties which the parties may sustain arising out of such distributions.

11. It is understood that the within instructions and agreements are for the benefit of the parties hereto only and are not intended to constitute an assignment, either legal or equitable, to or in favor of any person(s) not a party to this escrow or to create in any person(s) not a party hereto, any interest either legal or equitable in the property being transferred through this escrow or the consideration paid therefor.

12. YOU WILL ASSUME NO RESPONSIBILITY FOR THE PAYMENT OF ANY TAXES, AS ANY SUCH PAYMENT(S) MADE BY ESCROW HOLDER MAY OR MAY NOT CONSTITUTE FULL OR FINAL PAYMENT THEREOF.

13. Buyer may, at Buyer's option, instruct you in writing before payment of any taxes due by Seller not to make any such payment, until Buyer is satisfied with the disposition of any taxes affecting the liquor license described herein.

14. It is understood that you are to make no examination of the property described herein nor of the title thereto, as such determination is made solely by the Dept. of Alcoholic Beverage Control.

15. The expression "close of escrow" or "closing date" for the purposes of Section 24071-24074 of the Business and Professions Code shall mean the date Escrow Holder is authorized to disburse funds and deliver documents pursuant to the provisions as set out in said Business and Professions Code.

16. These instructions are to be construed and interpreted according to California law.

17. The parties acknowledge, consent and expressly authorize the Escrow Holder to convert, store, or otherwise maintain any original documents (including executed purchase agreements) or copy(ies) thereof submitted or otherwise provided to Escrow Holder, in an electronic format or medium for all purposes. Upon Escrow Holder memorializing any documents into an electronic format, it is expressly authorized, without any liability, to destroy the paper documents submitted or otherwise provided to Escrow Holder. The parties to these escrow instructions authorize you to destroy these instructions and all other instructions, documents and records of this escrow at any time after five (5) years from the close of escrow, cancellation, or date of the last activity without liability and without further notice to the parties.

18. NO ACTION SHALL LIE AGAINST ESCROW HOLDER FOR ANY CLAIM, LOSS, LIABILITY OR ALLEGED CAUSE OF ACTION OF ANY KIND OR NATURE WHATSOEVER, HOWEVER CAUSED OR OCCURRED, UNDER THIS ESCROW OR IN CONNECTION WITH THE HANDLING OR PROCESSING OF THIS ESCROW, UNLESS BROUGHT WITHIN TWELVE (12) MONTHS AFTER THE CLOSE OF ESCROW OR ANY CANCELLATION OR TERMINATION OF ESCROW FOR ANY REASON WHATSOEVER.

ESCROW COMPANIES ARE NOT AUTHORIZED TO GIVE LEGAL ADVICE. IF YOU DESIRE LEGAL ADVICE, CONSULT YOUR ATTORNEY BEFORE SIGNING.

EACH PARTY SIGNING THESE INSTRUCTIONS HAS READ THESE GENERAL PROVISIONS, AND APPROVES, ACCEPTS AND AGREES TO BE BOUND THEREBY. ALL PARTIES SIGNING THIS AGREEMENT HEREBY ACKNOWLEDGE RECEIPT OF A COPY OF THESE INSTRUCTIONS.

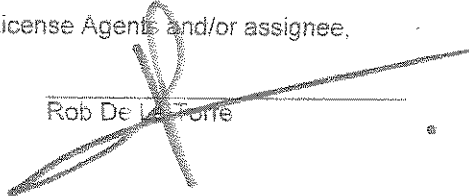
SELLER:
CM EBAR, LLC,
a Texas Limited Liability Company

BUYER:
Liquor License Agents and/or assignee,

By: _____
Akash Bhakta, Manager

By: _____
Rob De La Torre

By: _____
Ronak Parimal Parikh, Manager



280 S. Beverly Drive, #300
Beverly Hills, CA 90212

Phone: (310) 273-0100
Fax: (888) 908-0836



Capital Trust Escrow

CAPITAL TRUST ESCROW IS LICENSED BY THE DEPARTMENT OF BUSINESS OVERSIGHT OF THE STATE OF CALIFORNIA, LICENSE NUMBER 963 2713

ESCROW INSTRUCTIONS - SALE OF LIQUOR LICENSE

Hannah Joo
Escrow Officer

Escrow No.: 006470-GG
Date: May 1, 2017

This instruction is given **May 1, 2017**, by and between the SELLER (hereinafter called Seller)

CM EBAR, LLC

and the BUYER (hereinafter called Buyer)

Liquor License Agents and/or assignee

WITNESSETH: Whereas the Seller is the owner of the Liquor License described as:

License No.: 47-549228
License Type: On-Sale General Eating Place
Located at: 75 Serramonte Ctr, Daly City, CA 94015

And whereas the Seller agrees to sell and the Buyer agrees to purchase the above from the Seller on the following terms and conditions, you are now instructed as follows:

PURCHASE PRICE, which does include On-Sale General Eating Place - License # 47-549228, to be transferred to: **to be submitted,**

PURCHASE PRICE shall be the sum of _____ \$50,000.00

Payable as follows:

Initial deposit in the amount of _____ \$5,000.00

and on or before 30 days from date of Buyer's application at the Dept. of Alcoholic Beverage Control for the transfer of the license, by wire transfer to Capital Trust Escrow, the additional sum of _____ \$45,000.00

Balance of all monies due shall be deposited by the Buyer by wire transfer to Capital Trust Escrow on or before submission of form 226 to the Dept. of Alcoholic Beverage Control (hereinafter called "ABC")

INSTRUCTIONS:

1. The close of this escrow is contingent upon the Buyer assigning its interest in this transaction to a third party within 60 days from the date of these instructions. Upon Buyer's assignment of interest, the Seller agrees to execute any document(s) required by the Dept. of Alcoholic Beverage Control and by Escrow Holder to accomplish such assignment, if any.

Seller's Initials: _____

(CONTINUED)

Buyer's Initials: _____ / _____

Date: May 1, 2017

Escrow No.: 006470-GG

Page 2 of 5: Additional instructions made a part of previous pages as fully incorporated therein.

2. This escrow shall close upon issuance of permanent On-Sale General Eating Place License to the Buyer by ABC. The close of this escrow is contingent upon the transfer of the liquor license to the Buyer. Buyer agrees to make application for the transfer of the liquor license at the proper office of the ABC within 30 days of his receipt of a fully executed ABC 227 form. The Buyer is to pay the license transfer fee and all renewal fees for the license. If the Seller's renewal fee for the license becomes due during the escrow period, the Buyer agrees to pay it by 10/31/17 and prior to its delinquency date, for his own benefit.
3. The parties hereto agree to pay all escrow charges, costs and fees on a basis of 100% from the Buyer.
4. The Buyer does declare that he is fully cognizant of the provisions of the State Alcoholic Beverage Control Act with particular reference to qualification of licensees, and knows of no reason that a license should be denied him.
5. The Seller agrees to immediately furnish a License Transfer Request form (ABC form 211A) to ABC, in the manner required by said department, in order to notify them of this sale.
6. The Seller warrants and guarantees to the Buyer that to the best of his knowledge there are no citations, accusations or violations pending against the subject liquor license as being conveyed herein. Seller further warrants that he has good and legal right to convey same upon the approval of ABC.
7. The parties hereto agree that no representations have been made by any party other than those specifically set forth herein, and this agreement is the final agreement between the parties superseding all prior agreements whatsoever.
8. Notwithstanding the fact that paragraph #3 of these instructions calls for the Buyer to pay 100% of escrow fees and costs, it is agreed that at close of escrow, Escrow Holder shall debit from Seller's proceeds \$25.00 for each creditor's claim received into escrow, as a processing fee.
9. The Seller agrees to furnish the Escrow Holder with his FEIN, his State Board of Equalization re-sale permit number and his Employment Development Dept. account number within fifteen (15) days of date hereof. In the event any State taxing agencies place a hold against the transfer of the liquor license, the Seller agrees to cooperate in any manner required, including but not limited to filing any tax returns required by such agency within 15 days of date of request for same, so that the taxing agency can file a claim or demand for payment into this escrow. The Seller hereby authorizes and instructs the Escrow Holder to pay any such taxing agency claim(s) and the parties further authorize and instruct the Escrow Holder to pay any such claim(s) from those monies deposited into escrow, upon Escrow Holder's receipt of form 202A from the Dept. of Alcoholic Beverage Control. Any such payment is to be deducted from proceeds due Seller at close of escrow. Escrow Holder is authorized to charge the Seller the sum of \$100.00 for each State taxing agency claim so processed, at close of escrow.
10. The Seller warrants and represents that the Seller is not currently involved in any bankruptcy proceedings. Further, the Seller warrants that he will immediately advise the Escrow Holder, in writing, if he files a bankruptcy petition during the escrow period.
11. In the event that the ABC, or any other governmental agency having jurisdiction over the Buyer's proposed business premises, should deny a transfer of the license, or not give approval for issuance of the license to the Buyer, thereby causing ABC to deny a transfer of the license to the Buyer, this escrow is to be cancelled, and each party agrees to sign and deposit escrow cancellation instructions with Escrow Holder within 5 days of receipt of same from Escrow Holder. The escrow cancellation instructions shall provide for a return to the Buyer of the funds deposited into escrow by the Buyer, less only the escrow cancellation fee and costs, and less any finder's fee(s) paid by the Buyer to any agent or consultant at opening of escrow.

(CONTINUED)

Seller's Initials:

Buyer's: _____

Date: May 1, 2017

Escrow No.: 006470-GG

Page 3 of 5: Additional instructions made a part of previous pages as fully incorporated therein.

- 12. In the event that Buyer or Seller utilize "facsimile" transmitted, signed documents, the Buyer and Seller hereby agree to accept same and instruct Escrow Holder to accept same, and to rely upon such documents as if they bore original signature(s). Within 48 hours of such transmission, the Buyer and Seller agree to provide the Escrow Holder with the documents bearing the original signature(s), and you as the Escrow Holder shall be relieved of any responsibility and/or liability in connection therewith.
- 13. You may accept the Escrow Instructions and documents in counterparts as separate originals, regardless of the date of their signing and delivery. Such counterparts together shall be construed as one and the same document.
- 14. The parties acknowledge that they are aware that Capital Trust Escrow is not affiliated with any agent or consultant assisting the Seller or Buyer in this transaction.
- 15. The undersigned Seller/Transferor acknowledges that Liquor License Agents, and its officers and employees, make no representations or warranties, whether express or implied, concerning the successful transfer of any alcoholic beverage license, and moreover, that all expressions relative thereto are matters of opinion only. The undersigned Seller/Transferor agrees to indemnify, defend, and hold harmless Liquor License Agents, and its officers and employees, from and against any and all liability, costs, and expenses, including reasonable attorney's fees, incurred by Liquor License Agents, and its officers and employees, as a result of the Buyer/Transferee's failure to close the transaction provided for in the above-referenced escrow. In addition, the undersigned Seller/Transferor covenants not to prosecute any demand, claim or suit against Liquor License Agents, and its officers and employees, as a result of the Buyer/Transferee failure to close the transaction.

(CONTINUED)

Seller's Initials:

Buyer's:

_____ / _____

Date: May 1, 2017

Escrow No.: 006470-GG

Page 4 of 5: Additional instructions made a part of previous pages as fully incorporated therein.

GENERAL PROVISIONS

The parties hereto, by mutual agreement do enter into this escrow at Capital Trust Escrow (hereafter "Escrow Holder"), for the purposes of completing this transaction in accordance with Sections 24071-24074 of the Business and Professions Code of California. The parties hereto agree to the following terms and conditions of this escrow.

1. In consideration of you acting as Escrow Holder herein, it is agreed that you shall in no case or event be liable for the failure of any of the conditions of this escrow or damage caused by the exercise of your discretion in any particular manner, or for any other reason, except gross negligence or willful misconduct with reference to the said escrow, and you shall not be liable or responsible for your failure to ascertain the terms or conditions, or to comply with any of the provisions of any agreement, contract or other document filed herewith or referred to herein, nor shall you be liable or responsible for forgeries or fraudulent impersonations.
2. If conflicting demands are made or notice served upon Escrow Holder or legal action is taken in connection with this escrow, Escrow Holder shall not be required to determine the same or take any action in the premises, but may withhold and stop all further proceedings without liability therefore, or Escrow Holder may file suit in interpleader requiring the Party's to answer and litigate their several claims and rights amongst themselves, or for declaratory relief. Upon such filing, Escrow Holder is authorized to deposit with the Clerk of the Court all documents and funds held in this escrow. Escrow Holder is thereupon released of any further liability or obligations with respect to this escrow. All Parties, jointly and severally, agree to pay all costs, damages, judgments, expenses and reasonable attorney's fees incurred by Escrow Holder in connection with any suit filed with interpleader, and a lien is hereby created in Escrow Holder's favor to cover said items. Buyer and Seller agree to save Escrow Holder harmless as escrow holder hereunder from all loss and expenses, including reasonable attorney's fees and court costs sustained by reason of any action, legal or otherwise, which may in any way arise out of this escrow, before or after closing, notwithstanding in these instructions to the contrary. This shall not be construed as indemnifying Escrow holder against its own negligence or breach of duty.
3. Escrow Holder may resign herefrom upon fifteen (15) days' written notice to Buyer and Seller and shall thereupon be fully released from any obligation to perform any further duties imposed upon it hereunder, provided however, Escrow Holder will transfer all files, funds, and recording relating to the escrow to any successor Escrow Holder upon receipt of a copy of executed escrow instructions designating such successor.
4. IT IS UNDERSTOOD that the fees and usual charges agreed upon for your services hereunder shall be considered compensation for your ordinary services as contemplated by these instructions, and in the event that the conditions of this escrow are not promptly fulfilled or that you render any service hereunder not provided for in the subject matter of this escrow or modification hereof, or that the controversy arises hereunder or that you are made a party to, or intervene in, any litigation pertaining to this escrow or the subject matter thereof, you shall be reasonably compensated for such extraordinary services and reimbursed for all costs, attorney's fees, and expenses occasioned by such default, delay, controversy or litigation and you shall have the right to retain all documents and/or other things of value at any time held by you hereunder until such compensation, fees, costs and expenses shall be paid, the undersigned hereby jointly and severally promising to pay such sums upon demand.
5. The parties hereto authorize Escrow Holder to pay from funds deposited in escrow, all charges for publications, recordings, filings, searches, and other services required by this escrow, when incurred, with no further authorization on the part of any party required. The parties hereto authorize Escrow Holder to pay from funds deposited into escrow, all escrow fees, attorney's fees, costs or other charges incurred by Escrow Holder in connection with this escrow with no further authorization on the part of any party required. Following mutual cancellation of this escrow, Escrow Holder shall return any funds and documents in escrow, less amount deducted from incurred escrow fees and other costs, to the party depositing same.
6. Escrow Holder is instructed to pay claims filed as approved by the Seller from the consideration in escrow as provided in accordance with Sections 24071-24074 of the Business and Professions Code as appropriate. Escrow Holder is further instructed to pay such taxes and amounts approved by Seller and as specified in Business and Professions Code Section 24049 as are required by the Dept. of Alcoholic Beverage Control to be paid as a condition precedent to the transfer of the license.
7. If the Seller disputes any claim filed in escrow, Escrow Holder shall withhold funds from Seller's proceeds, make notifications to the disputed creditor and disburse funds as provided in Sections 24071-24074 of the Business and Professions Code of California.

(CONTINUED)

Seller's Initials:

Buyer's: _____

1

Date: May 1, 2017

Escrow No.: 006470-GG

Page 5 of 5: Additional instructions made a part of previous pages as fully incorporated therein.

8. If the cash deposited is insufficient to pay in full all of the claims filed, the Escrow Holder shall withhold funds from Seller's proceeds, make appropriate notifications to creditors and disburse funds as provided in Sections 24071-24074 of the Business and Professions Code of California.

9. Escrow Holder is authorized to destroy, without further notice to the parties hereto, all material, including but not limited to papers, instructions and documents connected with this escrow, five (5) years after close of escrow.

10. In addition to any other provisions herein, Seller and Buyer acknowledge that you, as Escrow Holder, rely on information supplied by the parties and claimants in this escrow in making distribution of the consideration. The parties acknowledge that they review and approve such distributions. Therefore, the parties agree to indemnify and hold you harmless for any and all claims, damages or liabilities arising out of such distributions. Therefore, the parties agree to indemnify and hold you harmless for any and all claims, damages or liabilities arising out of such distributions. The parties further agree not to hold you responsible for any losses, expenses, costs or penalties which the parties may sustain arising out of such distributions.

11. It is understood that the within instructions and agreements are for the benefit of the parties hereto only and are not intended to constitute an assignment, either legal or equitable, to or in favor of any person(s) not a party to this escrow or to create in any person(s) not a party hereto, any interest either legal or equitable in the property being transferred through this escrow or the consideration paid therefor.

12. YOU WILL ASSUME NO RESPONSIBILITY FOR THE PAYMENT OF ANY TAXES, AS ANY SUCH PAYMENT(S) MADE BY ESCROW HOLDER MAY OR MAY NOT CONSTITUTE FULL OR FINAL PAYMENT THEREOF.

13. Buyer may, at Buyer's option, instruct you in writing before payment of any taxes due by Seller not to make any such payment, until Buyer is satisfied with the disposition of any taxes affecting the liquor license described herein.

14. It is understood that you are to make no examination of the property described herein nor of the title thereto, as such determination is made solely by the Dept. of Alcoholic Beverage Control.

15. The expression "close of escrow" or "closing date" for the purposes of Section 24071-24074 of the Business and Professions Code shall mean the date Escrow Holder is authorized to disburse funds and deliver documents pursuant to the provisions as set out in said Business and Professions Code.

16. These instructions are to be construed and interpreted according to California law.

17. The parties acknowledge, consent and expressly authorize the Escrow Holder to convert, store, or otherwise maintain any original documents (including executed purchase agreements) or copy(ies) thereof submitted or otherwise provided to Escrow Holder, in an electronic format or medium for all purposes. Upon Escrow Holder memorializing any documents into an electronic format, it is expressly authorized, without any liability, to destroy the paper documents submitted or otherwise provided to Escrow Holder. The parties to these escrow instructions authorize you to destroy these instructions and all other instructions, documents and records of this escrow at any time after five (5) years from the close of escrow, cancellation, or date of the last activity without liability and without further notice to the parties.

18. NO ACTION SHALL LIE AGAINST ESCROW HOLDER FOR ANY CLAIM, LOSS, LIABILITY OR ALLEGED CAUSE OF ACTION OF ANY KIND OR NATURE WHATSOEVER, HOWEVER CAUSED OR OCCURRED, UNDER THIS ESCROW OR IN CONNECTION WITH THE HANDLING OR PROCESSING OF THIS ESCROW, UNLESS BROUGHT WITHIN TWELVE (12) MONTHS AFTER THE CLOSE OF ESCROW OR ANY CANCELLATION OR TERMINATION OF ESCROW FOR ANY REASON WHATSOEVER.

ESCROW COMPANIES ARE NOT AUTHORIZED TO GIVE LEGAL ADVICE. IF YOU DESIRE LEGAL ADVICE, CONSULT YOUR ATTORNEY BEFORE SIGNING.

EACH PARTY SIGNING THESE INSTRUCTIONS HAS READ THESE GENERAL PROVISIONS, AND APPROVES, ACCEPTS AND AGREES TO BE BOUND THEREBY. ALL PARTIES SIGNING THIS AGREEMENT HEREBY ACKNOWLEDGE RECEIPT OF A COPY OF THESE INSTRUCTIONS.

SELLER:
CM EBAR, LLC,
a Texas Limited Liability Company

BUYER:
Liquor License Agents and/or assignee,

By: 
Akash Bhakta, Manager

By: _____
Rob De La Torre

By: 
Ronak Parimal Parikh, Manager



280 S. Beverly Drive, #300
Beverly Hills, CA 90212

Phone: (310) 273-0100
Fax: (888) 908-0836

Frances Meron
Senior Escrow Officer

Date: June 8, 2017
Escrow No.: 006470-GG

AMENDED ESCROW INSTRUCTIONS

Transfer of License #47-549228

THE ABOVE NUMBERED ESCROW IS HEREBY AMENDED AND/OR SUPPLEMENTED AS FOLLOWS:

LIQUOR LICENSE AGENTS hereby assigns all of its rights, title and interest in and to this escrow, to Hash House & Brews, LLC, a California Limited Liability Company. Hash House & Brews, LLC acknowledges that it has received, reviewed and approved the Escrow Instructions - Sale of Liquor License dated 5/1/2017, and agrees to comply with and to be bound by all terms and conditions contained therein.

Buyer's new premises address shall read as follows: 811 Cherry Ave. San Bruno, CA 94066.

Escrow Holder is authorized and instructed to correct the name of the Buyer over and above the signature of the Seller and Buyer on any documents previously executed by Seller and Buyer. However, the parties agree to execute any documents required by Escrow Holder in order to reflect the change in name of Buyer.

The undersigned Buyer/Transferee acknowledges that Liquor License Auctioneers Inc., and its officers and employees, make no representations or warranties, whether express or implied, concerning the successful transfer of any alcoholic beverage license, and moreover, that all expressions relative thereto are matters of opinion only. The undersigned Buyer/Transferee agrees to indemnify, defend, and hold harmless Liquor License Auctioneers Inc., and its officers and employees, from and against any and all liability, costs, and expenses, including reasonable attorney's fees, incurred by Liquor License Auctioneers Inc., and its officers and employees, as a result of the Buyer/Transferee's failure to close the transaction provided for in the above-referenced escrow. In addition, the undersigned Buyer/Transferee covenants not to prosecute any demand, claim or suit against Liquor License Auctioneers Inc., and its officers and employees, as a result of the Seller/Transferor's failure to close the transaction.

ALL OTHER TERMS AND CONDITIONS TO REMAIN THE SAME.

SELLERS:

CM EBAR, LLC,
a Texas Limited Liability Company

By: _____
Akash Bhakta, Manager

By: _____
Ronak Parimal Parikh, Manager

BUYERS:

ASSIGNOR:
Liquor License Agents and/or assignee

By: _____
Rob De La Torre

ASSIGNEE:
Hash House & Brews, LLC,
a California Limited Liability Company

By: _____
Denny Voutos, Member

By: _____
Denis Lappos, Member

By: _____
Nick P. Tsigaris, Member

By: _____
Nicholas G. Tsigaris, Member

By: _____
Nicholas E. Tsigaris, Member



Capital Trust Escrow

280 S. Beverly Drive, #300
Beverly Hills, CA 90212

Phone: (310) 273-0100
Fax: (888) 908-0636

Frances Meron
Senior Escrow Officer

Date: June 8, 2017
Escrow No.: 006470-GG

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The undersigned Buyer/Transferee acknowledges that Liquor License Auctioneers Inc., and its officers and employees, make no representations or warranties, whether express or implied, concerning the successful transfer of any alcoholic beverage license, and moreover, that all expressions relative thereto are matters of opinion only. The undersigned Buyer/Transferee agrees to indemnify, defend, and hold harmless Liquor License Auctioneers Inc., and its officers and employees, from and against any and all liability, costs, and expenses, including reasonable attorney's fees, incurred by Liquor License Auctioneers Inc., and its officers and employees, as a result of the Buyer/Transferee's failure to close the transaction provided for in the above-referenced escrow. In addition, the undersigned Buyer/Transferee covenants not to prosecute any demand, claim or suit against Liquor License Auctioneers Inc., and its officers and employees, as a result of the Seller/Transferor's failure to close the transaction.

ALL OTHER TERMS AND CONDITIONS TO REMAIN THE SAME.

SELLERS:

CM EBAR, LLC,
a Texas Limited Liability Company

By: _____
Akash Bhakta, Manager

By: _____
Ronak Parimal Parikh, Manager

BUYERS:

ASSIGNOR:
Liquor License Agents and/or assignee

By: _____
Rob De La Torre

ASSIGNEE:
Hash House & Brews, LLC,
a California Limited Liability Company

By: _____
Dennis Voulos, Member

By: _____
Dennis Lappos, Member

By: _____
Nicholas E. Tsigaris, Member

By: _____
Nicholas E. Tsigaris, Member

By: _____
Nicholas E. Tsigaris, Member



280 S. Beverly Drive, #300
Beverly Hills, CA 90212

Phone: (310) 273-0100
Fax: (888) 908-0836

Frances Meron
Senior Escrow Officer

Date: June 8, 2017
Escrow No.: 006470-GG

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The undersigned Buyer/Transferee acknowledges that Liquor License Auctioneers Inc., and its officers and employees, make no representations or warranties, whether express or implied, concerning the successful transfer of any alcoholic beverage license, and moreover, that all expressions relative thereto are matters of opinion only. The undersigned Buyer/Transferee agrees to indemnify, defend, and hold harmless Liquor License Auctioneers Inc., and its officers and employees, from and against any and all liability, costs, and expenses, including reasonable attorney's fees, incurred by Liquor License Auctioneers Inc., and its officers and employees, as a result of the Buyer/Transferee's failure to close the transaction provided for in the above-referenced escrow. In addition, the undersigned Buyer/Transferee covenants not to prosecute any demand, claim or suit against Liquor License Auctioneers Inc., and its officers and employees, as a result of the Seller/Transferor's failure to close the transaction.

ALL OTHER TERMS AND CONDITIONS TO REMAIN THE SAME.

SELLERS:

CM EBAR, LLC,
a Texas Limited Liability Company

By:


Akash Bhakta, Manager

By:


Ronak Panmal Parikh, Manager

BUYERS:

ASSIGNOR:
Liquor License Agents and/or assignee

By:

Rob De La Torre

ASSIGNEE:

Hash House & Brews, LLC,
a California Limited Liability Company

By:

Denny Voutos, Member

By:

Denis Lappos, Member

By:

Nick P. Tsigaris, Member

By:

Nicholas G. Tsigaris, Member

By:

Nicholas E. Tsigaris, Member

EXHIBIT 3

EXHIBIT 3



STATE OF CALIFORNIA

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

HOUSTON OFFICE
1415 LOUISIANA STREET, SUITE 1500
HOUSTON, TX 77002-7471
1-713-739-3900 • FAX 1-713-739-9027
www.cdtfa.ca.gov

EDMUND G. BROWN JR.
Governor

MARYBEL BATJER
Secretary, Government Operations Agency

NICOLAS MADUROS
Director

December 7, 2017

Zach Conine
CM Ebar, LLC
PO BOX 189
Bedford Hills, NY 10507

IN REPLY REFER TO:
SR Y OHC 102-631726

Dear Mr. Conine:

Your account has been selected for a routine audit. This audit will involve a review of your books and records for the period from October 1, 2014 through December 31, 2017 to verify that you have neither underpaid nor overpaid your tax and/or fee liability. Although audit periods generally coincide with the period for which records are requested, audit periods may be extended as permitted by statute.

We request that you make the following books and records available:

1. Sales and use tax or other tax and fee returns, including related worksheets.
2. General ledger and related journals.
3. Sales invoices/contracts and cash register tapes, if applicable.
4. Tax and/or fee accrual accounts.
5. Purchase invoices (paid bills)/contracts for consumable supplies and fixed assets (for example, furniture, fixtures, and equipment).
6. Documentation supporting claimed exempt sales (for example, resale certificates and freight bills).
7. Federal income tax returns, including depreciation schedules.
8. Copies of financial statements.
9. Property tax statements.
10. Sales invoices for fixed assets sold during the audit period.

We may request information for additional filing periods or other records not listed above after we review the records provided.

Please contact me by Tuesday December 12, 2017 to discuss the time and place best suited to begin the review of your records. I can be reached at the telephone number or mailing address listed above. If you would like the audit to be handled by an authorized representative, such as your accountant or bookkeeper, appropriate arrangements can be made.

So that you may have additional time in which to secure the data necessary to complete our examination of your books and records as they pertain to the California Sales and Use Tax Law, please have the original and one copy of the attached waiver of the Statute of Limitations signed and dated by officer of the corporation.

Please note that if the waivers are signed by other than the owner, Partner, or corporate officer, a copy of the power of attorney granting the signatory that power must be attached and returned with the waivers. Return the original and first copy to this office prior to December 21, 2017. The second copy may be retained for your files.

If you have other tax and fee accounts with the California Department of Tax and Fee Administration (CDTFA), these accounts may be separately selected for audit. You may request to have all your accounts audited concurrently. Auditing all your accounts together may save time and resources as some of the same records may be required to audit your different tax or fee accounts. Please inform the auditor before the initial appointment if you are interested in joint audits of your CDTFA accounts.

As taxpayer and/or feepayer, you have rights. You may find the following publications helpful:

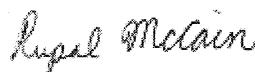
- Publication 70, *Understanding Your Rights as a California Taxpayer*.
- Publication 76, *Audits*, which provides general information about what to expect and how to prepare for the audit.
- Publication 17, *Appeals Procedures Sales and Use Taxes and Special Taxes*, which discusses what to do if you disagree with the audit results.

These publications can be downloaded from the CDTFA website at www.cdtfa.ca.gov, click on the Forms & Pubs tab in the header, then under the Sales & Use Tax heading, click on the Publications link to find these and other publications. These publications may also be available in other languages. Please check the CDTFA website for translated publications. If you do not have the ability to download these publications, please call the CDTFA Customer Service Center at 1-800-400-7115 (TTY:711) to request a copy by mail. Customer service representatives are available weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

To ensure we have current information on your account, I have enclosed the CDTFA-80-RU, *Record Update*. Please complete the form and have it available on our appointment date.

I will also be happy to answer any questions or concerns that you may have. Please contact me at the telephone number shown below.

Sincerely,



Rupal McCain
Senior Tax Auditor
(713) 739-3915
Rupal.McCain@cdtfa.ca.gov

Enclosures: CDTFA 122, CDTFA 80RU, CDTFA 82 and CDTFA 392

WAIVER OF LIMITATION

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

- Original Waiver
- Extension to Original Waiver

Account No. SR Y OHC 102 631726

BEFORE SIGNING THE WAIVER OF LIMITATION SEE THE REVERSE (Page 2) FOR INFORMATION

In consideration that the California Department of Tax and Fee Administration (CDTFA) of the State of California forbear making deficiency determinations within the limitation period prescribed by:

- Section 6487 of the California Sales and Use Tax Law and, where applicable, local ordinances pursuant to the Uniform Local Sales and Use Tax, and Transactions (Sales) and Use Tax.
- Section 38417 of the California Timber Yield Tax Law.
- Other - _____

(Copies of applicable Revenue and Taxation code sections will be provided upon request)

until the CDTFA has made further examination of records, the undersigned hereby consents to an extension through October 31, 2018 of the time within which such determinations may be mailed for the period from October 1, 2014 through June 30, 2015.

If the undersigned has previously granted extensions for period(s) included in the period noted above, those extensions are incorporated herein.

The undersigned further agrees to retain for audit purposes all records and supporting data pertaining to the period to which an extension is granted. The undersigned is aware that this agreement also allows a claim for refund to be filed for overpayments or for offsetting any overpayments made with respect to the agreed period through the extension date.

The undersigned certifies, to the best of his/her knowledge, that the information contained on this waiver is correct as of the date signed.

CM EBAR LLC

ELEPHANT BAR RESTAURANT

ENTITY NAME (OWNER'S NAME)

DOING BUSINESS AS (DBA) OR BUSINESS NAME

TYPE OF BUSINESS OWNERSHIP

*SIGNATURE

Dated _____

PRINT NAME OF SIGNATORY

at _____
CITY, STATE

CAPACITY OR TITLE
(OWNER/OFFICER/REPRESENTATIVE)

*Signatory, if not a corporate officer, member, partner, or owner, certifies under penalty of perjury that he or she holds a power of attorney to execute this document.

Accepted: California Department of Tax and Fee Administration

FOR CDTFA USE ONLY
Case ID No. 1027503

SIGNATURE
Rupal McCain

PRINT NAME OF SIGNATORY
Senior Tax Auditor

CAPACITY

WAIVER OF LIMITATION

PLEASE READ BEFORE SIGNING THIS DOCUMENT

What is this document?

The Waiver of Limitation is a legal agreement that you can voluntarily enter into with the California Department of Tax and Fee Administration (CDTFA). By signing this document, you will extend the three-year statute of limitations for the period indicated. This will allow the CDTFA to examine your records, and possibly assess additional tax, for periods which otherwise would expire under the three-year statute of limitations. By signing this document you will also extend the period within which you may file a *Claim for Refund* and will allow any credits in the period indicated to be offset against any tax liability.

Can a Waiver of Limitation be extended?

Yes. Waivers may be extended by mutual consent. The date the Waiver of Limitation will expire can be extended for the period covered by the waiver. A new waiver of limitation will be prepared for previous periods and any new periods to be included.

Do I have to sign this document?

No. The Waiver of Limitation provides an extension of the statute of limitations for periods which would otherwise expire. This extension may result in a tax assessment for the period in question. However, the Waiver of Limitation will also extend the period of time in which you may file a *Claim for Refund* and will allow any credit arising from that period to be offset against a tax liability.

What will happen if I choose not to sign this document?

A billing may be issued under some circumstances. A billing will be issued only when the CDTFA has knowledge of any transaction(s) that appear to be subject to tax, or a good indication that additional tax may be due for the period in question. If there is insufficient time in which to complete the audit or address specific concerns, a billing will usually be issued based on an estimated amount of tax believed, at the time, to be due for the expiring periods. If an estimated billing is issued, it is separate and distinct from any billing which may result from an audit. If you do not agree with the estimated billing you must file a *Petition for Redetermination* within 30 days of the date of the billing.

Why does the CDTFA ask for this document?

Generally, a waiver is requested when the taxpayer needs to delay the start or the completion of an audit. A waiver is also requested when the CDTFA has information or a good indication that additional tax may be due, but there is insufficient time in which to complete the audit or thoroughly review the issue or issues in question.

What benefit do I gain by signing this document?

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The waiver can at times actually expedite the audit process by providing you and the CDTFA the time necessary to resolve audit issues before the audit is finished and a billing, if applicable, results. Allowing time to resolve audit issues "up front," rather than during the appeals process may eliminate the necessity to appeal the audit findings.

The *Waiver of Limitation* will eliminate needless "red tape" resulting from a billing issued with good intentions, but possibly overstated, due to time constraints which did not allow for the detailed review necessary to reach a fair and equitable conclusion.

WAIVER OF LIMITATION

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

- Original Waiver
- Extension to Original Waiver

Account No. SR Y OHC 102 631726

BEFORE SIGNING THE WAIVER OF LIMITATION SEE THE REVERSE (Page 2) FOR INFORMATION

In consideration that the California Department of Tax and Fee Administration (CDTFA) of the State of California forbear making deficiency determinations within the limitation period prescribed by:

- Section 6487 of the California Sales and Use Tax Law and, where applicable, local ordinances pursuant to the Uniform Local Sales and Use Tax, and Transactions (Sales) and Use Tax.
- Section 38417 of the California Timber Yield Tax Law.
- Other - _____

(Copies of applicable Revenue and Taxation code sections will be provided upon request)

until the CDTFA has made further examination of records, the undersigned hereby consents to an extension through October 31, 2018 of the time within which such determinations may be mailed for the period from October 1, 2014 through June 30, 2015.

If the undersigned has previously granted extensions for period(s) included in the period noted above, those extensions are incorporated herein.

The undersigned further agrees to retain for audit purposes all records and supporting data pertaining to the period to which an extension is granted. The undersigned is aware that this agreement also allows a claim for refund to be filed for overpayments or for offsetting any overpayments made with respect to the agreed period through the extension date.

The undersigned certifies, to the best of his/her knowledge, that the information contained on this waiver is correct as of the date signed.

CM EBAR LLC

ELEPHANT BAR RESTAURANT

ENTITY NAME (OWNER'S NAME)

DOING BUSINESS AS (DBA) OR BUSINESS NAME

TYPE OF BUSINESS OWNERSHIP

*SIGNATURE

Dated _____

PRINT NAME OF SIGNATORY

at _____
CITY, STATE

CAPACITY OR TITLE
(OWNER/OFFICER/REPRESENTATIVE)

*Signatory, if not a corporate officer, member, partner, or owner, certifies under penalty of perjury that he or she holds a power of attorney to execute this document.

Accepted: California Department of Tax and Fee Administration

FOR CDTFA USE ONLY
Case ID No. 1027503

SIGNATURE
Rupal McCain

PRINT NAME OF SIGNATORY
Senior Tax Auditor

CAPACITY

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- Extension to Original Waiver

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Dated _____

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at _____
CITY, STATE

CAPACITY OR TITLE
(OWNER/OFFICER/REPRESENTATIVE)

*Signatory, if not a corporate officer, member, partner, or owner, certifies under penalty of perjury that he or she holds a power of attorney to execute this document.

Accepted: California Department of Tax and Fee Administration

FOR CDTFA USE ONLY
Case ID No. 1027503

SIGNATURE
Rupal McCain

PRINT NAME OF SIGNATORY
Senior Tax Auditor

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RECORD UPDATE

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

In our continuing effort to better serve you in a more efficient manner, we are asking for your help in updating our records. Please take a moment to fill out the following information and have it available on our appointment date. Use reverse if more space is needed for any of the categories below.

SECTION I: OWNERSHIP INFORMATION

PERMIT NUMBER SR Y OHC 102 631726	TRADE NAME/“DOING BUSINESS AS” (if any)	
NAME OF OWNER, CORPORATION, LLC, PARTNERSHIP OR TRUST	TYPE OF OWNERSHIP (check one) <input type="checkbox"/> OWNER/CO-OWNER <input type="checkbox"/> CORPORATION <input type="checkbox"/> PARTNERSHIP <input type="checkbox"/> LLC (officers, managers, members) <input type="checkbox"/> LL <input type="checkbox"/> REGISTERED DOMESTIC PARTNERSHIP <input type="checkbox"/> TRUSTEE/BENEFICIARY	
1) FULL NAME (first, middle, last)	TITLE (owner, partners, officer, trustee, etc.)	
HOME ADDRESS (street, po box, city, state, zip code)	EMAIL ADDRESS	
	DAY TELEPHONE NUMBER	HOME TELEPHONE NUMBER
	CELL PHONE NUMBER	FAX NUMBER
2) FULL NAME (first, middle, last)	TITLE (owner, partners, officer, trustee, etc.)	
HOME ADDRESS (street, po box, city, state, zip code)	EMAIL ADDRESS	
	DAY TELEPHONE NUMBER	HOME TELEPHONE NUMBER
	CELL PHONE NUMBER	FAX NUMBER
3) FULL NAME (first, middle, last)	TITLE (owner, partners, officer, trustee, etc.)	
HOME ADDRESS (street, po box, city, state, zip code)	EMAIL ADDRESS	
	DAY TELEPHONE NUMBER	HOME TELEPHONE NUMBER
	CELL PHONE NUMBER	FAX NUMBER

SECTION II: BUSINESS INFORMATION

ACCOUNTANT NAME	TELEPHONE NUMBER	FAX NUMBER
ADDRESS (street, city, state, zip code)		
BUSINESS ID NUMBERS		
CORP NUMBER	FEIN NUMBER	
BUSINESS EMAIL ADDRESS	BUSINESS WEBSITE ADDRESS	
CONSOLIDATED PERMIT (If you have a consolidated permit, and you have added, moved or closed one or more of your sub-locations, please update the information on your sub-locations.) <input type="checkbox"/> ADD <input type="checkbox"/> MOVE <input type="checkbox"/> CLOSE		
ADDRESS (street, city, state, zip code)		
COMPLETED BY	TITLE	DATE

Thank you for taking the time to assist us in updating our records.

AUTHORIZATION FOR ELECTRONIC TRANSMISSION OF DATA

CALIFORNIA DEPARTMENT OF TAX
AND FEE ADMINISTRATION

NAME OF TAXPAYER(S) OR FEEPAYERS(S) CM EBAR LLC	TAXPAYER'S/FEEPAYER'S EMAIL ADDRESS
TAXPAYER'S/FEEPAYER'S ACCOUNT NO. SR Y OHC 102 631726	CASE IDENTIFICATION NUMBER (if applicable) 1027503
TAXPAYER'S/FEEPAYER'S REPRESENTATIVE Zach Conine	TAXPAYER'S/FEEPAYER'S REPRESENTATIVE'S EMAIL ADDRESS Zach@hosephbeare.com

The California Department of Tax and Fee Administration (CDTFA) collects and stores confidential information about taxpayers and fee payers and has a responsibility under the law to protect this information from unauthorized access, use, and disclosure. Taxpayers or fee payers may authorize the transmission of confidential information via email by providing written authorization to the CDTFA. If authorization is provided, the confidential information will only be sent to individuals who have a legitimate business need to view the information (taxpayer or fee payer, and/or representative).

The following statement will be included on each transmission:

Confidential information of the California Department of Tax and Fee Administration (CDTFA) – unauthorized use or disclosure is strictly prohibited by law. If you receive this email in error, please immediately notify the CDTFA by return email and delete this message from your computer, without printing the message, and without disclosing its contents to any person other than the sender or recipient. Persons who copy or disclose such confidential information are subject to applicable legal penalties.

To authorize the transmission of confidential information to you and/or your representative via email, please sign this CDTFA-82, Authorization for Electronic Transmission of Data and provide it to a CDTFA representative. This authorization will remain in effect until rescinded in writing.

By signing, you acknowledge the following statement with respect to the account noted above:

I authorize the transmission of confidential or sensitive information via email. I understand that transmission via email is not a secure transmission and the CDTFA is not responsible if confidential or sensitive information sent via email is accessed by third parties.

SIGNED BY* (taxpayer, fee payer, corporate officer, or representative with a power of attorney)		DATE SIGNED
PRINT NAME OF SIGNATORY	CONTACT PERSON (if other than signatory)	
TITLE OR POSITION	TELEPHONE NUMBER	
TITLE OR POSITION OF CONTACT PERSON	TELEPHONE NUMBER	

**Signatory, if not a corporate officer, partner or owner, certifies under penalty of perjury that he or she holds a power of attorney to execute this document.*

POWER OF ATTORNEY

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION
FRANCHISE TAX BOARD
EMPLOYMENT DEVELOPMENT DEPARTMENT

Check below to indicate the appropriate agency. Please note that a separate form must be completed and provided to each agency checked.

- Checkboxes for CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION, FRANCHISE TAX BOARD, and EMPLOYMENT DEVELOPMENT DEPARTMENT with their respective addresses and contact information.

Form with fields for TAXPAYER'S NAME, BUSINESS OR CORPORATION NAME, TELEPHONE NUMBER, FAX NUMBER, SOCIAL SECURITY NUMBER, FEDERAL EMPLOYER IDENTIFICATION NUMBER, CALIFORNIA SECRETARY OF STATE NUMBER(S), CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION ACCOUNT/PERMIT(S), and EDD EMPLOYER ACCOUNT NUMBER.

MAILING ADDRESS (Number and Street, City, State, ZIP Code)

- Checkboxes for ENTITY TYPE: INDIVIDUAL, PARTNERSHIP, CORPORATION, LIMITED LIABILITY COMPANY, OTHER.

As owner, officer, receiver, administrator, or trustee for the taxpayer, or as a party to the tax or fee matter before the:

- Checkboxes for Agency: California Department of Tax and Fee Administration, Franchise Tax Board, Employment Development Department.

I hereby appoint: [enter below the individual appointee(s) name(s), address(es) (including ZIP code), telephone number(s) and fax number(s)—do not enter names of accounting or law firms, partnerships, corporations, etc., as the appointee name]

Form with fields for APPOINTEE NAME, APPOINTEE BUSINESS NAME (if applicable), APPOINTEE ADDRESS (Number and Street), (City), (State), (ZIP Code), TELEPHONE NUMBER, and FAX NUMBER.

As attorney(s)-in-fact to represent the taxpayer(s) for the following tax or fee matters: [specify type(s) of tax]

- Checkboxes for Tax Matters: Franchise and Income Tax Law, Sales and Use Tax Law, Use Fuel Tax Law, Payroll Tax Law, Benefit Reporting, Other.

SPECIFY THE TAX OR FEE YEAR(S) OR PERIOD(S) [IF ESTATE TAX, INDICATE DATE OF DEATH] (for California Department of Tax and Fee Administration and Franchise Tax Board purposes)

The attorney(s)-in-fact (or any of them) are authorized, subject to revocation, to receive confidential tax information and to perform on behalf of the taxpayer(s) the following acts for the tax or fee matters described above: [check the box(es) for the powers granted]

- Checkboxes for Powers Granted: General Authorization (including all acts described below), Specific Authorization (selected acts described below), To confer and resolve any assessment, claim or collection of a deficiency or other tax or fee matter pending before the identified agency and attend any meetings or hearings thereto for the specified law identified above, To receive, but not to endorse and collect, checks in payment of any refund of taxes, penalties or interest, To execute petitions, claims for refund and/or amendments thereto, To execute consents extending the statutory period for assessment or determination of taxes, To execute closing agreements under section 19441 of the California Revenue and Taxation Code, To execute settlement agreements under section 19442 of the California Revenue and Taxation Code.

(The back of this form must be completed)

- To represent the taxpayer for changes to their mailing address for any and all Payroll Tax Law, Benefit Reporting, both Payroll Tax Law and Benefit Reporting.
- To execute settlement agreements under section 1236 of the California Unemployment Insurance Code.
- To delegate authority or to substitute another representative.
- To Other acts (specify):

Franchise Tax Board (FTB) will send you and your first representative listed a copy of FTB computer generated notices as they become available.

- Check this box if you **do not** want FTB to send copies of available FTB computer generated notices to your first representative listed.

(Note: Not all FTB processing systems are capable of generating representative copies at this time.)

This Power of Attorney revokes all earlier Power(s) of Attorney on file with the California Department of Tax and Fee Administration, the Employment Development Department, or the Franchise Tax Board as identified above for the same matters and years or periods covered by this form, except for the following: [specify to whom granted, date and address, or refer to attached copies of earlier power(s)]

NAME	DATE POWER OF ATTORNEY GRANTED
------	--------------------------------

ADDRESS (Number and Street, City, State, ZIP Code)

Unless limited, this Power of Attorney will remain in effect until the final resolution of all tax matters specified herein. [specify expiration date if limited term]

TIME LIMIT/EXPIRATION DATE (for California Department of Tax and Fee Administration and Franchise Tax Board purposes)

Signature of Taxpayer(s)—If a tax matter concerns a joint return, **both** spouses must sign if joint representation is requested. If you are a corporate officer, partner, guardian, tax matters partner/person, executor, receiver, registered domestic partner, administrator, or trustee on behalf of the taxpayer, by signing this Power of Attorney you are certifying that you have the authority to execute this form on behalf of the taxpayer.

▶ IF THIS POWER OF ATTORNEY IS NOT SIGNED AND DATED BY AN AUTHORIZED INDIVIDUAL, IT WILL BE RETURNED AS INVALID.

SIGNATURE	TITLE (if applicable)	DATE
PRINT NAME		TELEPHONE ()
SIGNATURE	TITLE (if applicable)	DATE
PRINT NAME		TELEPHONE ()

EXHIBIT 4

EXHIBIT 4

From: McCain, Rupal <Rupal.McCain@cdtfa.ca.gov>
Sent: Thursday, January 04, 2018 1:43 PM
To: Shara Larson
Subject: RE: CM Ebar: Test Email

The person I spoke has to get authorization from someone else. I don't have that person information. However, the person working on CM Ebar LLC is Eve Saffron 916-323-4188.

Thank you,

Rupal P. McCain

Senior Tax Auditor
California Department of Tax and Fee Administration
Houston Office
1415 Louisiana St, Ste 1500 Houston, TX 77002
Main: 713-739-3900 | Direct Line: 713-739-3915 | Fax: 713-739-9027 | Cell: 281-840-1256
E: Rupal.McCain@cdtfa.ca.gov | www.cdtfa.ca.gov

From: Shara Larson [mailto:slarson@lzklegal.com]
Sent: Thursday, January 04, 2018 3:42 PM
To: McCain, Rupal
Subject: RE: CM Ebar: Test Email

That is great news. Could you let me know who authorized the release so I can speak with him directly if there are any issues?

Shara L. Larson, Esq.
LARSON ZIRZOW & KAPLAN
850 East Bonneville Ave.,
Las Vegas, Nevada 89101
Telephone: (702) 382-1170
Facsimile: (702) 382-1169
www.lzklegal.com



DO NOT read, copy or disseminate this communication unless you are the intended addressee. This e-mail communication contains confidential and/or privileged information intended only for the addressee. If you have received this communication in error, please call us (collect) immediately at (702) 382-1170 and ask to speak to the sender of the communication. Also please e-mail the sender and notify the sender immediately that you have received the communication in error. Thank you. Larson, Zirzow & Kaplan LLC – Attorneys at Law

From: McCain, Rupal [mailto:Rupal.McCain@cdtfa.ca.gov]
Sent: Thursday, January 04, 2018 1:31 PM

To: Shara Larson <slarson@lzklegal.com>

Subject: RE: CM Ebar: Test Email

Good Afternoon,

I spoke to someone in Special Operations and he advised that he will be able to get the liquor licenses released today. I will check in with him again tomorrow to check in status.

Thank you,

Rupal P. McCain

Senior Tax Auditor

California Department of Tax and Fee Administration

Houston Office

1415 Louisiana St, Ste 1500 Houston, TX 77002

Main: 713-739-3900 | Direct Line: 713-739-3915 | Fax: 713-739-9027 | Cell: 281-840-1256

E: Rupal.McCain@cdtfa.ca.gov | www.cdtfa.ca.gov

From: Shara Larson [<mailto:slarson@lzklegal.com>]

Sent: Thursday, January 04, 2018 3:14 PM

To: McCain, Rupal

Subject: CM Ebar: Test Email

Rupal:

Thank you for speaking with me. This is my email address.

Shara L. Larson, Esq.

LARSON ZIRZOW & KAPLAN

850 East Bonneville Ave.,

Las Vegas, Nevada 89101

Telephone: (702) 382-1170

Facsimile: (702) 382-1169

www.lzklegal.com



DO NOT read, copy or disseminate this communication unless you are the intended addressee. This e-mail communication contains confidential and/or privileged information intended only for the addressee. If you have received this communication in error, please call us (collect) immediately at (702) 382-1170 and ask to speak to the sender of the communication. Also please e-mail the sender and notify the sender immediately that you have received the communication in error. Thank you. Larson, Zirzow & Kaplan LLC – Attorneys at Law

EXHIBIT 5

EXHIBIT 5

DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

3927 LENNANE DRIVE, STE. 100 SACRAMENTO, CA 95834

(916) 419-2530



Date: December 7, 2017

Transferee:
LITTLE BEAST RESTAURANT INC
1496 COLORADO BLVD
LOS ANGELES, CA 90041-2340

Escrow Holder:
Capital Trust Escrow
280 S. Beverly Dr., #300
Beverly Hills, CA 90212

Transferor:
CM EBAR, LLC
1225 WILLOW PASS RD
CONCORD, CA 94520

License: 47-549173

Dear Applicant:

This Department has approved the qualifications of the transferee and premises. A delay in the transfer of the license under the provisions of Section 24049 has been requested by the indicated state or local agency(s) until tax liabilities incurred by the transferor have been paid.

The license transfer can be completed only after the Department has received the release(s) previously sent you by the taxing agency(s). Although this letter is **NOT** authority to close the escrow, it does permit payment of the taxes due. If you have any questions concerning the tax liability release(s), contact the appropriate agency(s).

- Employment Development Department
(Consult telephone directory for local office.)
- State Board of Equalization **SR OHC 102631726**
(Consult telephone directory for local office.)
- Franchise Tax Board
(Telephone (916) 845-5492.)
- City or County
(Consult telephone directory for Tax Collector's Office in city or county in which the premises is located.)
- For your information, there is also an Internal Revenue Service claim. You may wish to contact IRS, Special Procedures Unit.
(Consult telephone directory for local office.)

If you have any further questions or need additional information, please contact the Licensing Staff on (916) 419-2530.

Sincerely,

Dez Lopez
Supervising Program Technician II

dl: dl
cc: LA/METRO District Office

ABC - 202-A (4/12)

DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

3927 LENNANE DRIVE, STE. 100 SACRAMENTO, CA 95834

(916) 419-2530

**Date:** November 14, 2017**Transferee:**HASH HOUSE & BREWS LLC
811 CHERRY AVE
SAN BRUNO, CA 94066-2949**Escrow Holder:**CAPITAL TRUST ESCROW
280 S BEVERLY DR
STE 300
BEVERLY HILLS, CA 90212**Transferor:**CM EBAR, LLC
75 SERRAMONTE CTR
DALY CITY, CA 94015**License:** 47-549228**Dear Applicant:**

This Department has approved the qualifications of the transferee and premises. A delay in the transfer of the license under the provisions of Section 24049 has been requested by the indicated state or local agency(s) until tax liabilities incurred by the transferor have been paid.

The license transfer can be completed only after the Department has received the release(s) previously sent you by the taxing agency(s). Although this letter is **NOT** authority to close the escrow, it does permit payment of the taxes due. If you have any questions concerning the tax liability release(s), contact the appropriate agency(s).

- Employment Development Department
(Consult telephone directory for local office.)
- State Board of Equalization **SR OHC 102631726**
(Consult telephone directory for local office.)
- Franchise Tax Board
(Telephone (916) 845-5492.)
- City or County
(Consult telephone directory for Tax Collector's Office in city or county in which the premises is located.)
- For your information, there is also an Internal Revenue Service claim. You may wish to contact IRS, Special Procedures Unit.
(Consult telephone directory for local office.)

If you have any further questions or need additional information, please contact the Licensing Staff on (916) 419-2530.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dez Lopez'.

Dez Lopez
Supervising Program Technician II

DL: km

cc: SAN FRANCISCO District Office

ABC - 202-A (4/12)