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Fuzion Meet Eat Play, LLC
6

7 UNITED STATES BANKRUPTCY COURT
8 CENTRAL DISTRICT OF CALIFORNIA
9 SANTA ANA DIVISION

10 In re:
11 FUZION MEET EAT PLAY, LLC
12 Debtor.

) Case No.: 8:18-bk-10019-SC

) Chapter 11

) MOTION:

- 13 1. TO SELL LIQUOR LICENSE ASSET
FREE AND CLEAR OF CLAIMS OR
INTERESTS PURSUANT TO 11
U.S.C. § 363;
- 14 2. TO APPROVE OVERBID
PROCEDURES
- 15 3. DETERMINING THAT BUYER IS
ENTITLED TO A GOOD FAITH
16 DTERMINATION PURSUANT TO
17 11 U.S.C. § 363(m).

) PROOF OF SERVICE

18 Declarations Keeli Lisack and Jessica Harris,
19 Exhibits in Support

20 11 U.S.C. § 363; F.R.B.P., Rule 6004

21 **Continued Hearing Date: June 7, 2018**
22 **Time: 11:00a.m.**
23 **Location: Courtroom 5C, 5th Floor**
411 West Fourth St.
Santa Ana, CA 92701

24 Previous Hearing Date: May 3, 2018

25 JUDGE SCOTT CLARKSON
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1 TO THE HONORABLE SCOTT CLARKSON, THE OFFICE OF THE UNITED
2 STATES TRUSTEE, TO ALL SECURED AND UNSECURED CREDITORS AND TO ALL
3 INTERESTED PARTIES:

4
5 COMES NOW the Debtor FUZION MEET EAT PLAY, LLC, ("FUZION" of "Debtor")
6 and brings its motion to sell an asset of the estate consisting of:

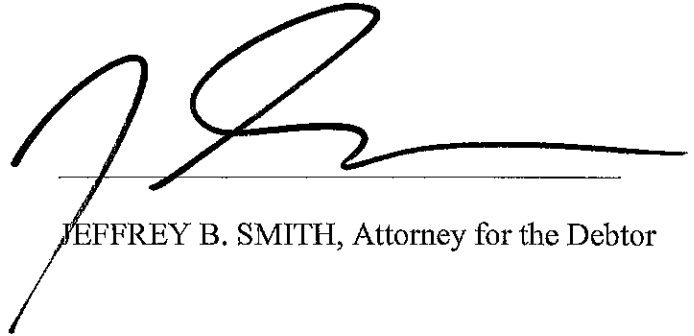
- 7 • **California Department of alcohol beverage control Type 47 GENERAL EATING**
8 **PLACE, liquor license # 47-578401.**

9 Notice of this motion and Notice of Sale of Estate Property (Form 6004-2) are filed and
10 served separately and concurrently. Supporting declarations and Exhibits are attached hereto.
11

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14 Dated: May 7, 2018

CURD, GALINDO, & SMITH

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JEFFREY B. SMITH, Attorney for the Debtor

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1 **POINTS AND AUTHORITIES**

2 **I. FACTS**

3 **a. General Background/Overview**

4 The Debtor is the owner of a California Type 47 Liquor License identified by the
5 California Department of Alcohol Beverage Control (“ABC”) as License 47-540850 (the
6 “License”). A “License Query Summary” from the ABC’s web portal as of May 7, 2018 is
7 attached as Exhibit A. The Debtor is no longer operating its business and has not since
8 September 2016. (Decl. K. Lisack, ¶ 7). The Debtor will propose a liquidating plan of
9 reorganization in this Chapter 11. (Decl. K. Lisack, ¶ 7). The Debtor seeks to sell the License,
10 and to deposit the funds from the sale in its DIP account.
11

12 Pre-petition efforts as far back as 2016, to sell the License (as part of a larger sale of
13 substantially all of the assets of the Debtor) failed when the California Employment
14 Development Department (“EDD”) and the California Franchise Tax Board (“FTB”) placed an
15 Administrative “hold” on the transfer of the License. A \$300,000+/- pre-petition sale, that
16 included the License, was rescinded by a buyer, as a result of the EDD hold on the License
17 transfer. (Decl. K. Lisack, ¶ 3-6). The EDD claimed that FUZION owed it over \$150,000 in
18 September 2016. FUZION believed then (and does now) that its liability to the EDD was no
19 more than about \$30,000 in September 2016. (Decl. K. Lisack, ¶ 4).
20
21

22 The difference between the Debtor’s understanding of its liability to the EDD and
23 the EDD’s is grounded in massive “penalties”, the applicability of which has never been
24 explained or justified by the EDD, despite repeated requests from the Debtor. (Decl. K. Lisack, ¶
25 5). In fact, the matter continues to be a subject of dispute and consternation for the Debtor even
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1 within this bankruptcy. The EDD has filed Proof of Claim # 5 in this case, and it is Attached as
2 Exhibit "B". The EDD claim asserts \$34,330.01 in priority taxes owed to it. A whopping
3 **\$124,941.39** is added to that total with the following three-word explanation: "Penalty to
4 1/04/18". See Exhibit B page 4 of 5. The Debtor disputes that ANY penalties are owed to the
5 EDD, and surely any penalty in that amount (400%+/- of the tax). The Debtor will likely object
6 to the "penalty" portion of the EDD claim. That penalty calculation is the primary cause, the only
7 cause, actually, of this bankruptcy case (as without it, the Debtor would have sold its business in
8 September 2016).

9
10
11 As of today, the Debtor is uncertain whether the EDD is still preventing the sale through
12 its power to put a "hold" on the sale of the License. The EDD claim does not assert that any of
13 its claim is secured. See Ex. B. The License Query Summary from the ABC (Ex. A) only shows
14 a "hold" from the State Board of Equalization ("SBE") (now known as the California
15 Department of Tax and Fee Administration), and the California Franchise Tax Board ("FTB").
16 No "hold" on transfer of the License shows related to any EDD claim(s).

17
18 The FTB is owed a modest amount of money. Its unsecured, proof of claim, attached as
19 Exhibit "C" is for \$10,372.07. The Debtor could have paid the entirety of the FTB claim from
20 escrow had the September 2016 sale been consummated. The SBE has filed an unsecured,
21 priority proof of claim, attached as Exhibit "D", in the total amount of \$2,536.57. The Debtor
22 could have paid the entirety of the SBE claim from escrow had the September 2016 sale been
23 consummated.

24
25 This motion seeks to sell the License on the terms described more particularly below. It
26 seeks to sell the License free and clear of any claims of the EDD, SBE and the FTB for their tax
27 "holds". This motion offers to preserve the positions as to any taxing agency, in the resulting
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1 cash proceeds from the sale, if any such agency objects to the sale to preserve that claim. The
2 motion seeks to approve the overbid procedures set forth in the Notice of Sale of Estate Property
3 and the Notice of Motion and Notice of Sale of Estate Property, and as described herein. This
4 motion seeks a finding that the sale is in “good faith”.

5
6 Consummation of the sale is urgent. The License has been effectively dormant, not in
7 use, since September 2016. If the License, which carries value for the Estate is not sold within
8 two years of non-use, it can be deemed surrendered. That two years will expire in August 2018.
9 (Decl. K. Lisack, ¶ 13).

10
11 **b. Terms of the Proposed Sale**

12 After looking for buyers interested in purchasing the FUZION’s license, managing
13 member Keeli Lisack was approached by a licensed broker “Liquor License Network” and its
14 Senior Sales Associate, Jessica Harris with an offer. (Decl. K. Lisack, ¶ 26). The Debtor did not
15 employ its own broker. After negotiation on price and terms, and disclosure that the License
16 must be sold with this court’s approval, RNB Tustin, LLC (“Buyer”) provided FUZION with a
17 written purchase offer for the License by virtue of signed escrow instructions with Federal
18 Escrow, Inc. The proposed escrow instructions are attached as Exhibit “E”.

19
20 The terms of the proposed sale are:

- 21
22 **1. Purchase Price: \$65,000.00:** (Sixty-Five Thousand Dollars) (the “Purchase
23 Price”).
24 **2. Additional Costs/Obligations:** Buyer is obligated, in accordance with *Cal. Bus.*
25 *& Prof. Code* section 24074.3 to deposit into escrow the balance of the Purchase
26 Price after making an initial deposit of \$6,500 (\$58,500.00) on or before 30 days
27 after the date the Buyer makes application to the Department of Alcoholic
28 Beverage Control (the “ABC”). Such application must be made within 10 days of
the date that this court approves this Motion. Buyer, agrees to pay 100% of all
escrow fees and any governmental transfer fees, estimated at not less than
\$1,100.00. Buyer is obligated to a Finder’s Fee Agreement payable to Liquor
License Network in the amount of \$6,500 (Six Thousand Five Hundred Dollars).

1 Debtor expects that the sale will generate net proceeds to the estate the full
2 amount of the Purchase Price. The total cost to Buyer is *estimated* at **\$72,600.00**
3 (Seventy-Two Thousand-Six Hundred Dollars) based on the Purchase Price plus
4 the Finder's Fee Agreement plus estimated escrow and governmental transfer
fees.

- 5 **3. Contingencies:** The only sale contingencies are that this court and the California
Department of Alcoholic Beverage Control ("ABC") approve the sale.
- 6 **4. Deposit:** Buyer has deposited 10% of the purchase price (\$6,500.00) in Escrow
with Federal Escrow, Inc. (the "Deposit Amount"), and has initiated the transfer
7 application process with the ABC.
- 8 **5. AS IS SALE:** The LICENSE is sold AS-IS, without representation or warranty of
9 any kind by the Debtor.
- 10 **6. Commissions and Broker's Fees:** Seller has not engaged a broker. Buyer shall
pay the Escrow Fees per the Escrow Instructions. Buyer has committed to a
11 Finder's Fee Agreement which obligates Buyer to pay a fee of \$6,500 (six-
thousand five hundred dollars) to Liquor License Network in addition to the
12 Purchase Price. The Finder's Fee Agreement is incorporated into and a part of the
Escrow Instructions, and is attached as Exhibit "E".

13
14 **c. The Debtor Seeks Approval of the Sale Free and Clear of Interests of Taxing
15 Agencies.**

16 Debtor is not aware of any liens on the License. No secured claims have been
17 filed in the case that identify the License as collateral. However, the California Department of
18 Tax and Fee Administration (successor to the State Board of Equalization) and the California
19 Franchise Tax Board have placed administrative "holds" on the transfer of the License for non-
20 payment of taxes. See Exhibit A. The Sale Motion seeks to transfer the License to the Buyer free
21 and clear of any claims or interests of these creditors or any other creditor who claims an interest
22 in the License. The total amount of the claims of both of those taxing agencies, per post-
23 bankruptcy proofs of claim on file, is less than \$15,000. If required, the Debtor will offer to pay
24 these claims from escrow, however the Debtor is concerned that doing so would create a
25 preference among equally situated administrative priority creditors. The Debtor proposes that to
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1 the extent either of these creditors maintain administrative preference as a result of their claims,
2 that they retain that status in the resulting proceeds from the sale.

3
4 **d. The Motion Seeks to Approve Overbid Terms**

5 The proposed sale is subject to overbids. The motion seeks to approve and employ the
6 following overbid procedures:

- 7
- 8 1. To qualify to overbid, potential overbidders must: a) be physically present at the
9 hearing (or represented by an individual(s) with authority to bind the bidder to the
10 terms of a sale and participate in the bidding process); b) bring to the Sale Motion
11 hearing certified funds (cashier's check or bank money order) in the amount of
12 \$6,500 (six-thousand five-hundred dollars) (the "Overbid Deposit") payable to
13 "Federal Escrow, Inc."; c) Notify the Debtor's counsel in writing not less than 48
14 hours prior to the Sale Motion hearing of the intent to overbid by either fax (562-
15 624-1178) or e-mail addressed to jsmith@cgsattys.com.
 - 16 2. Overbids will be solicited in \$1000.00 increments at the Sale Motion hearing until
17 the highest offer is received;
 - 18 3. In the event that the Buyer is not the highest bidder at the Sale Motion hearing,
19 the highest bidder (the "Successful Bidder") shall then become the Buyer under
20 the same terms and conditions as set forth in the ABC License Escrow
21 Instructions, Exhibit E (the "Escrow Instructions").
 - 22 4. The Overbid Deposit shall be non-refundable in the event that a Successful
23 Overbidder is unable to complete the purchase of the License. The Debtor will
24 ask permission to accept back-up bidders, including the Buyer, in the event of any
25 overbids, in the event that a Successful Overbidder fails to purchase the License
26 for any reason;
 - 27 5. If the Buyer is not the successful bidder for the License, then the Escrow
28 Instructions shall no longer be effective as to Buyer and Buyer shall be entitled to
a full refund of its Deposit.

29 **e. Facts that Support That The Sale to the Buyer is in Good Faith.**

30 The Buyer, and its principals are unrelated in every way to the Debtor and the Debtor's
31 principals. (Dec. K. Lisack, ¶¶ 33-34). The Buyer has been represented by its own broker in the
32 proposed transaction. The Buyer's broker is unrelated in every way to the Debtor and the
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1 Debtor's principals. (Dec. K. Lisack, ¶¶ 33-34, Dec. J. Harris, ¶ 11). The proposed sale was
2 negotiated at arm's length between the Debtor and the Buyer.

3
4 **f. Facts That Support That The Sale is In the Estate's Best Interests.**

5 Inasmuch as the Debtor has foregone representation and marketing of the License
6 through its own broker, the court is entitled to know that the Debtor has taken aggressive efforts
7 to bring to the table the highest and best financial offer available for the License. The Debtor's
8 manager Keeli Lisack has provided in her declaration the specific circumstances of her efforts to,
9 first, investigate the general market for liquor licenses, comparable sales of similar licenses in the
10 Debtor's geographic area, and second, to seek out a high and fair price for the license from the
11 Buyer. (Dec. K. Lisack, ¶¶ 15-25). All of the specifics of Ms. Lisack's efforts will not be
12 repeated here. In sum, Ms. Lisack made contact with several brokers (before and after receiving
13 the offer promoted here) and announced that the Debtor was interested in selling its liquor
14 license and invited offers from such brokers. Ms. Lisack believes it was these efforts that in fact
15 led to the offer in this motion.
16

17
18 Ms. Lisack conducted internet research regarding the general market and comparable
19 sales for similar liquor licenses in the Orange County area. Ms. Lisack negotiated at arms-length
20 with the buyer for increased financial terms from what was initially offered by the Buyer.
21

22 Finally, Type 47 liquor license sales are publicly reported, including prices paid. As of
23 submission of this motion there were 4 sales reported in the prior 45 days of Type 47 licenses in
24 Orange County California. The prices were reported as: one for \$57,000, two at \$60,000 and one
25 for \$65,000. (Decl. J. Harris, ¶14-15). The proposed sale will NET to the Debtor the highest
26 GROSS price paid by any buyer in the last 45 days for a Type 47 license in Orange County.
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1 After the filing of this motion, but before the hearing the court will also be provided with
2 supplemental declarations particularly from the Debtor's counsel Jeffrey B Smith evidencing the
3 Debtor's efforts to encourage third-party overbids. Those efforts commence with the posting of
4 this this sale with the court so that it is placed on the court's website announcing sale of
5 bankruptcy estate assets. Mr. Smith will continue to reach out to liquor license brokers and take
6 other steps to attempt to generate interest in overbids. Because those efforts can only be
7 conducted *after* the matter has been set for sale, the evidence of these efforts will be supplied by
8 supplemental declaration before the sale.
9

10 **II. AUTHORITIES & ARGUMENT**

11 **a. The Court Should Authorize the Sale of the Liquor License in Accordance 12 with the Escrow Instructions**

13 The Debtor submits that the proposed sale ("Sale") is in the best interest of the
14 Estate and should be approved. Section 363 of the Bankruptcy Code authorizes the Debtor to
15 sell estate property, following notice and a hearing, on terms that are fair and reasonable and the
16 result of an arms-length transaction. Specifically, Section 363(b)(1) states in pertinent part that:
17 "The trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course
18 of business, property of the estate." 11 U.S.C. § 363(b)(1); *see also* 11 U.S.C. § 1107(a) (giving
19 a debtor in possession the same powers as a trustee).
20
21

22 In determining whether the sale of assets outside of the ordinary course of
23 business should be approved, bankruptcy courts generally consider: (1) whether a sufficient
24 business reason exists for the sale; and (2) whether the proposed sale is in the best interest of the
25 estate, which in turn consists of the following factors: (a) that terms of the sale are fair and
26 reasonable; (b) that the proposed sale has been adequately marketed; (c) that the proposed sale
27 terms have been properly negotiated and proposed in good faith; and (d) that the purchaser is
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1 involved in an arms-length transaction with the seller. *See In re Wilde Horse Enterprises, Inc.*,
2 136 B.R. 830, 841 (Bankr. C.D. Cal. 1991) (“In approving any sale outside the ordinary course
3 of business, the court must not only articulate a sufficient business reason for the sale, it must
4 further find it is in the best interest of the estate, *i.e.*, it is fair and reasonable, that it has been
5 given adequate marketing, that it has been negotiated and proposed in good faith, and that it is an
6 ‘arms-length’ transaction.”); *Matter of Phoenix Steel Corp.*, 82 B.R. 334, 335-56 (Bankr. D. Del.
7 1987) (In determining whether a proposed sale of equipment is proper under § 363, courts should
8 consider whether the proposed sale is fair and equitable, whether there was a good business
9 reason for completing the sale, and whether the transaction is proposed in good faith.); *In re*
10 *Alves*, 52 B.R. 353, 355 (Bankr. D.R.I. 1985) (whether to approve a sale under § 363 depends
11 upon the integrity of sale and the best interest of bankruptcy estate).

12
13
14 In the instant case, the Debtor has satisfied all of the applicable elements
15 discussed above concerning the proposed Sale of the License, and the Debtor has sound reasons
16 for the Sale, specifically, to maximize return to the Estate by liquidation of the License, which is
17 not otherwise being utilized by the Debtor or the Estate for business operations. The Debtor
18 submits that the Purchase Price for the License offered by the Buyer is fair and reasonable and
19 that the License was adequately marketed. Based upon the Debtor’s review of comparable sales,
20 the Debtor believes that the Purchase Price is a reasonable offer given the current market
21 conditions. In addition, the proposed overbid procedures and auction process are specifically
22 designed to ensure that the highest price possible is obtained for this asset. Given that there are
23 no secured liens asserted against the License, the Debtor submits that the proposed Sale will
24 provide the Estate with a significant benefit, no less than \$65,000.00, and possibly more.
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1 **b. The Court Should Authorize the Proposed Sale Free and Clear of All**
2 **Liens, Interests, and Encumbrances Pursuant to 11 U.S.C. § 363(f).**

3 Pursuant to 11 U.S.C. § 363(f), the Debtor may sell the License free and clear of
4 liens, interests, claims, and encumbrances, with such liens, interests, claims, and encumbrances
5 to attach to the Sale proceeds, with the same priority and rights of enforcement as previously
6 existed.

7
8 As discussed above, the Debtor is not aware of any liens, asserted against the
9 License. Courts agree that an administrative “hold” on a transfer of a liquor license, for non-
10 payment of taxes, is a “claim” or “interest” in estate property, and that is subject to the
11 provisions of section 363(f) authorizing a sale free and clear of such interests. *In Re Shary*, 152
12 B.R. 724 (Bankr. N.D. Ohio, 1993). Thus, the Debtor submits the Court may authorize the Sale
13 free and clear of all liens, interests, claims, and encumbrances pursuant to 11 U.S.C. § 363(f)

14 **c. The Court Should Find That The Buyer is a Good Faith Purchaser**

15 Additionally, pursuant to 11 U.S.C. § 363(m), the court should make a finding
16 that the Buyer is a good faith purchaser. A purchaser of property is protected from the effects of
17 reversal on appeal of the authorization to sell or lease as long as the court finds that the purchaser
18 acted in good faith and the appellant fails to obtain a stay of the sale. *See* 11 U.S.C. § 363(m).

19 Although the Bankruptcy Code does not define “good faith,” courts have provided guidance as to
20 the appropriate factors to consider. *See In re Pine Coast Enterprise, Ltd.*, 147 B.R. 30, 33
21 (Bankr. N.D. Ill. 1992) (“The requirement that a purchaser act in good faith speaks to the
22 integrity of its conduct in the course of the sale proceeding.”); *Kham and Nate’s Shoes No. 2 v.*
23 *First Bank*, 908 F.2d 1351, 1355 (7th Cir. 1990) (The purpose of § 363(m) is to disable courts
24 from backtracking on promises with respect to bankruptcy sales in the absence of bad faith). In
25 *T.C. Investors v. Joseph (In re M Capital Corp.)*, 290 B.R. 743 (B.A.P. 9th Cir. 2003), the
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1 Bankruptcy Appellate Panel held that a bankruptcy court may not make a finding of good faith in
2 the absence of evidence, but may make such a finding if appropriate evidence is presented. *T.C.*
3 *Investors*, 290 B.R. at 746–47.

4
5 In the instant case, the Debtor requests that the court make a finding that the
6 Buyer is a good faith purchaser within the meaning of Section 363(m). The Debtor has no
7 relation to the Buyer or the Buyer’s broker and did not know the Buyer prior to its involvement
8 in this Bankruptcy Case. Neither the Buyer nor the Buyer’s broker are creditors of this Estate.
9 The Debtor submits that the Sale was negotiated at arms-length, and the proposed Purchase Price
10 is fair consideration for the Liquor License. As such, a finding of good faith within the meaning
11 of Section 363(m) is appropriate.

12
13 **d. Notice and Overbid Procedures**

14 The Debtor submits that adequate notice of the proposed Sale has been given.
15 Concurrently with the filing hereof, notice on the Court-approved form F 6004-2 was submitted
16 to the Court’s clerk for publication on the Court’s website pursuant to Local Bankruptcy Rule
17 6004-1(f). Notice of this Sale Motion has been provided to the Office of the United States
18 Trustee and all other interested parties pursuant to Federal Rule of Bankruptcy Procedure
19 2002(a).

20
21 The overbid procedures employed by the Debtor are relatively routine, and do
22 not unreasonably likely to discourage overbids. A proposed overbidder need only bring a 10%
23 deposit to the Debtor to participate in the process. Such a deposit is necessary to prevent bidders
24 who seek to participate in the process without intent or financial ability to consummate the
25 transaction. The deposit is identical to what the Buyer has already posted with escrow. Buyers
26 have until 48 hours before the hearing on the motion to announce their intention to participate
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1 but may bring their deposit to the hearing. Bidding conducted in \$1000.00 increments is
2 appropriate considering the price projected by the sale motion.
3

4 **III. CONCLUSION**

5 Based on the foregoing, the Debtor respectfully requests that the Court enter an
6 order granting the Sale Motion and:

- 7 (1) Granting the Sale Motion in its entirety;
- 8 (2) Approving the Sale of the Liquor License to the Buyer or the
9 successful overbidder pursuant to the Escrow Instructions, and finding the Purchase Price is
10 fair and reasonable and that the Sale of the Liquor License is in the best interests of the Estate
11 and its creditors;
- 12 (3) Authorizing the Sale of the Liquor License to the Buyer on an **AS-IS,**
13 **WHERE-IS** basis, without any representations or warranties by the Debtor;
- 14 (4) Approving the proposed overbid procedures;
- 15 (5) Approving the form and manner of Notice provided by the Debtor;
- 16 (6) Authorizing the Debtor to execute any and all documents that may be
17 necessary or convenient to consummate the Sale;
- 18 (7) Authorizing the Sale of the Liquor License free and clear of liens,
19 interests, and encumbrances pursuant to 11 U.S.C. § 363(b) and (f), with such liens,
20 claims, interests, and encumbrances to attach to the Sale proceeds with the same
21 priority and rights of enforcement as previously existed;
- 22 (8) Finding the Buyer or the successful overbidder is a good-faith purchaser
23 of the License pursuant to 11 U.S.C. § 363(m) and entitled to all benefits and
24 protections provided thereby;
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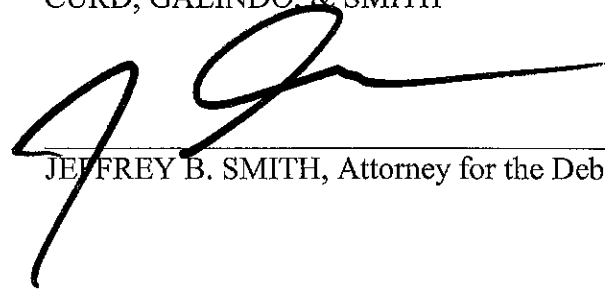
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(9) Waiving the 14-day stay imposed by F.R.B.P. 6004(h); and
(10) Granting such other and further relief as this Court deems just and proper
under the circumstances.

Dated: May 7, 2018

CURD, GALINDO, & SMITH



JEFFREY B. SMITH, Attorney for the Debtor

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DECLARATION OF KEELI SCOTT LISACK

I KEELI SCOTT LISACK, do declare and state as follows:

1. That I am over 18 years of age and that I could and would competently testify to the contents of this declaration if called upon to do so in a court of law. All of the information contained in this declaration is personally known to me except where stated upon information and belief, and as to those matters I am reasonably informed and believe that the matters are true.
2. I am the majority owner and managing member of Fusion Meet Eat Play, LLC (“FUZION” or “Debtor”) who is the Chapter 11 debtor in this case. I make this declaration in support of the motion by FUZION to sell its liquor license under bankruptcy court approval.
3. By way of general background, FUZION was in negotiations in the spring/summer of 2016 to sell all of its physical assets as well as its general liquor license. FUZION entered into a written purchase contract with a purchaser (Glowzone) for about \$300,000 for all of FUZION’s physical assets and its liquor license.
4. During escrow, I received notice that the EDD had placed an administrative “hold” on the transfer of FUZION’s liquor license based upon taxes that it said were owed in excess of \$130,000. FUZION did not owe that much money to the EDD. FUZION had filed all of its tax reports with the EDD. It did owe the EDD some money. FUZION’s accountant and I estimated its total liability to that agency to be \$30,000 or less which FUZION was willing to and expecting to pay from the proceeds of the Glowzone sale.
5. After considerable investigation, including discussions with FUZION’s accountant and with the EDD, I learned that the EDD was claiming that FUZION owed massive

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- 1 “penalties” for prior unpaid taxes. FUZION was only open for a short period of time,
2 less than two years. Based upon my meetings with our accountant I determined that the
3 EDD “penalty” claims were wrong, improperly assessed, and not supported by any EDD
4 authority or facts.
5
6 6. After almost a year of trying to resolve the issue, and preserve the Glowzone sale, and as
7 a result of the continued dispute with the EDD, Glowzone eventually rescinded the
8 purchase contract. This bankruptcy followed as a direct result.
9
10 7. FUZION is not operating and has not operated since September 2016. FUZION intends
11 to sell all of its remaining assets in this bankruptcy and pay creditors through a
12 liquidating plan.
13
14 8. Attached hereto as Exhibit A is a recent “License Query Summary” from the California
15 Alcohol Beverage Control web-portal containing basic information about FUZION’s
16 liquor license #47-540850 (the “License”). The License is a “Type 47, On Sale General
17 Eating Place” license.
18
19 9. As of today, and based upon this report there are only two transfer “holds” on the sale of
20 the License. One is from the California State Board of Equalization (“SBE” which I now
21 understand is called the California Department of Tax and Fee Administration). The
22 other hold is from the California Franchise Tax Board (“FTB”).
23
24 10. Attached hereto as Exhibit B is the proof of claim filed in this bankruptcy case by the
25 EDD.
26
27 11. Attached hereto as Exhibit C is the proof of claim filed in this bankruptcy case by the
28 FTB.
12. Attached hereto as Exhibit D is the proof of claim filed by the SBE.

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- 1 13. I am informed and believe that the License must be in escrow or transferred by
2 September 2018 because the License would be deemed *surrendered* if it is not used for a
3 period of two consecutive years.
4
- 5 14. After Glowzone rescinded the purchase of FUZION's assets FUZION determined that
6 bankruptcy was the only rational alternative to get FUZION's assets, including the
7 License sold.
8
- 9 15. Since the end of 2017 and into early 2018 I have been investigating on behalf of FUZION
10 the value of its liquor license which I am informed and believe is transferable (other than
11 with regard to administrative tax "holds").
12
- 13 16. I contacted multiple liquor license brokers by telephone. I estimate that I reached out to
14 at least **eight** such brokers in the Orange county area. Because I knew that there were tax
15 holds on the transfer of the license I did not feel it was appropriate to enter into any
16 listing agreement with any broker.
17
- 18 17. In early 2018 I spoke with Michael Cho, an attorney in Orange County who I know from
19 previous experience (when FUZION was acquiring its license). Mr. Cho represents that
20 he handles hundreds of liquor license transfers yearly. I described FUZION's situation.
21 Mr. Cho advised me that Type 47 licenses were generally worth between \$65,000 and
22 \$75,000. I asked Mr. Cho to let any of his clients know that FUZION was looking to sell
23 its license, and he promised he would.
24
- 25 18. Recently, I researched the web site "License Locators, Inc." at URL
26 <http://licenselocators.com/orange-county-liquor-licenses/>. That web site showed "Type
27 47" licenses available for purchase **\$75,000**.
28

1 19. In my conversations with as many as five other brokers I was repeatedly told just about
2 the same thing by all of them. FUZION's Type 47 license was worth somewhere between
3 \$55,000 and 80,000.
4

5 20. Also, some of the brokers I spoke to charged commissions from the sale if representing
6 FUZION, which would be paid by FUZION from the proceeds.

7 21. Each broker I spoke to also said that there were escrow and government transfer fees
8 typically associated with any sale that would add approximately \$3,000 in costs to the
9 sale. I was told that negotiation of these fees is usually done while negotiating the deal
10 terms, but that these fees are customarily shared by the buyer and seller in some manner.
11

12 22. In speaking with these brokers, in early 2018 I determined that there was a healthy
13 market for Type 47 licenses in the area, but that the price range was fairly defined
14 between \$55,000 to \$80,000 in this geographic area (Orange County). No broker I
15 spoke to suggested that any amount of marketing the FUZION license would get a higher
16 offer price than \$80,000.
17

18 23. I disclosed to all of the brokers I spoke with that FUZION would have to sell its license
19 in a bankruptcy proceeding because of the EDD tax hold. I told these brokers that it was
20 my understanding that this meant that the process would be subject to overbid in
21 bankruptcy court. Most of the brokers I talked to (all but one) understood this process
22 and were familiar with it. However, all of those brokers did say that the prospect of an
23 overbid procedure would likely scare away some potential purchasers, particularly those
24 who might pay on the high end of the range to get certainty of closing.
25

26 24. To be more specific, it was explained to me that the Type 47 license for a restaurant is
27 typically sought out by a business looking to add a "full" liquor license to an existing
28

1 operation or in conjunction with the opening of a new restaurant. Since the license
2 transfer process can take 6-8 weeks for ABC approval, buyers typically want to time the
3 license acquisition with the opening of the restaurant. If there is a chance that a sale will
4 NOT complete by the time the buyer restaurant is ready open (because the buyer is outbid
5 at the last moment at a court sale), potential offerors for the FUZION license might pass
6 on this license. Certainty of timely acquisition would be a huge factor for many potential
7 purchasers.
8

9
10 25. The net result of this is that most of the brokers I spoke to did not suggest that the sale of
11 the FUZION license, in the context of the bankruptcy with overbids, would likely garner
12 an opening offer at the high end of the price range.

13 26. In late January 2017 one of the brokers I had spoken to apparently mentioned the
14 FUZION license to a colleague, Jessica Harris, senior sales associate for Liquor License
15 Network, Inc.
16

17 27. Jessica cold called me on that introduction and said she had a potential purchaser for
18 FUZION's Type 47 License.

19 28. Over the period of a week or maybe two, I negotiated with the prospective purchaser
20 (through Jessica) to: 1) increase the initial offer by \$5000; 2) require all commissions be
21 paid by the Buyer; 3) require all costs and fees to be paid by the Buyer.
22

23 29. After an exchange of these verbal and e-mail offers (and disclosure that the process
24 would have to be approved in the bankruptcy court), Ms. Harris obtained a written offer
25 (in the form of signed escrow instructions) from RNB Tustin, LLC, by its Co-Chairman
26 Michael Zislis to buy the License for \$65,000. All commissions and costs (estimated at
27 about \$7,500) will be paid by the Buyer. FUZION's estate will realize the full \$65,000
28

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1 price if the Buyer and Sale are approved. The proposed escrow instructions and terms are
2 attached as Exhibit "E".

3
4 30. After FUZION received this offer, I called Mr. Cho again. My purpose was to determine
5 if the buyer was a legitimate business and to determine if Mr. Cho thought the offer was
6 appropriate. Mr. Cho said that the Buyer (its principals) were known to him as an
7 operator of large successful restaurants. Mr. Cho confirmed that \$65,000 was fair and
8 reasonable based on the current market conditions.

9
10 31. I believe that, based on my research, and my negotiations, and all of the above, the
11 proposed sale is in FUZION's best interests.

12 32. More recently, after the bankruptcy case was filed and in April 2018, I have reached out
13 to at least two of the brokers that I previously spoke with and told them that FUZION is
14 going to sell its license through the bankruptcy process, and that if those brokers have
15 potential purchasers, I asked them to call FUZION's lawyer Jeff Smith to find out how to
16 overbid. I intend to call other brokers I spoke with, before the proposed court date. Both
17 brokers said they had no immediate over-bidder prospects, but they would keep
18 FUZION's sale in mind.

19
20 33. I have no relationship whatsoever with RNB Tustin, LLC or Michael Zislis. RNB/Zislis
21 has not had financial dealings (ever), directly or indirectly with me or FUZION. I am
22 informed and believe after inquiry that RNB has no financial dealings (ever), directly or
23 indirectly with any of FUZION's minority owners (Alfred Sims and Peter Nguyen). I
24 have never met Michael Zislis or even heard of him before engaging with Ms. Harris.
25
26
27
28

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34. I am informed and believe that neither FUZION, me, Mr. Sims, nor Mr. Nguyen have any financial agreements, now, or in the future (or ever in the past) with Liquor License Network or Jessica Harris.

35. **The negotiation of this proposed sale was arm's length, and there are no hidden, secret or "handshake" agreements with any parties, directly or indirectly, of any kind that are not disclosed on this motion with anyone, whatsoever.**

I declare under penalty of perjury pursuant to the laws of the United States of America that the foregoing is true and correct and I could and would competently testify to the contents of this declaration if called upon to do so in a court of law Executed this 7th Day of May, 2018 at Huntington Beach California.



Keeli Scott Lisack

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DECLARATION OF JESSICA HARRIS

I JESSICA HARRIS, do declare and state as follows:

1. That I am over 18 years of age and that I could and would competently testify to the contents of this declaration if called upon to do so in a court of law. All of the information contained in this declaration is personally known to me except where stated upon information and belief, and as to those matters I am reasonably informed and believe that the matters are true.
2. I am a Senior Sales Representative and a part owner of Liquor License Network, Inc. (“LLN”). LLN is an experienced consulting firm representing buyers and sellers of liquor licenses in California. I have worked for and/or owned LLN for over three years. LLN’s co-owner Arthur Harris has been in this business for over 25 years.
3. I have personally been involved in the transfer of over 100 California liquor licenses of all categories. I have personally been involved in the transfer of at least 50+ Type 47 licenses.
4. I am familiar with the general liquor license market throughout the state and in Orange County California. Type 47 licenses are for restaurants that want to offer a “full bar” to compliment their general food service.
5. Prices of Type 47 licenses fluctuate based on the number of available licenses, the ability to get new licenses issued and the general overall economic conditions. However, the range is relatively narrow, \$10,000 to \$15,000 of variation at most year over year.
6. In January 2018 I learned from a colleague who also brokers in liquor licenses that there might be a Type 47 license available in Orange County CA. I have been employed by and working with Michael Zislis, the chairman and principal of RNB, Tustin, LLC, a

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1 company that is in the process of building and opening a restaurant in Orange County.
2 RNB had already hired LLN to locate and obtain a Type 47 license for it.

3
4 7. I reached out to Keeli Lisack, based on the referral, and began to negotiate terms in
5 February 2018 for my client RNB to purchase FUZION's license. I recall the first offer
6 was for \$60,000 and that the parties would share the LLN commission and fees. Ms.
7 Lisack and FUZION's attorneys explained the fact that FUZION was in Chapter 11
8 bankruptcy and that the sale would be subject to overbid and bankruptcy court approval.
9 RNB had no objection to those bankruptcy terms.

10
11 8. By the end of the negotiation, over about a week, RNB had agreed to pay all of LLN's
12 fees by way of a "finder's fee", all of the escrow and transfer fees, and had increased the
13 offer price to \$65,000.00.

14
15 9. In February 2017 RNB signed Escrow Instructions, a copy of which are attached hereto
16 as Exhibit D. LLN's Finder's Fee Agreement with RNB is attached as Exhibit F.
17 FUZION.

18
19 10. RNB has already deposited its \$6,500 deposit to Federal Escrow, Inc., and has begun the
20 initial process of applying for transfer of the License with the ABC.

21
22 11. Prior to this transaction I have had no prior dealings with Keeli Lisack or Fuzion Meet
23 Eat Play LLC. I have no prior dealings at all with Alfred Sims or Peter Nguyen who I am
24 advised are principals of FUZION. There are no agreements, written or oral or otherwise
25 regarding the sale transaction that are not disclosed in the Escrow Instructions or the
26 Finder's Fee Agreement.

27
28 12. Based on my experience in finding buyers and sellers of liquor licenses in California and
particularly in Orange County, it is my opinion that the price and terms that RNB


1 proposes to pay for FUZION's License is at or above the current market rate for a Type
2 47 License. Type 47 licenses are generally available in this geographic market for about
3 \$65,000.00. After commissions, transfer fees and closing costs the average seller
4 typically realizes between \$55,000 and \$65,000 for such a sale. Inasmuch as RNE is
5 required to pay LLN's finder's fee, and all of the closing costs and transfer fees in this
6 transaction it will pay about \$72,500 for FUZION's license.
7

8 13. FUZION will realize \$65,000 at closing.

9
10 14. Based on a review of public records available to LLN (all liquor license sales are publicly
11 reported by the County), within the last 45 days there were FOUR Type 47 licenses
12 transferred in Orange County California at the following prices: \$57,000; \$60,000 (x2)
13 and \$65,000.

14 15. A sale at \$65,000 to FUZION of its Type 47 license today would equal the highest
15 recorded price for any Type 47 license recorded in the County, in the last 45 days.

16 I declare under penalty of perjury pursuant to the laws of the United States of America
17 that the foregoing is true and correct and I could and would competently testify to the contents of
18 this declaration if called upon to do so in a court of law executed this 7th Day of May, 2018 at
19 Modesto, California.
20
21

22
23 
24 Jessica Harris

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In re:
FUZION MEET EST PLAY, LLC

Debtor(s).

Chapter: 11
Case Number: 8:18-bk-10019-SC

NOTE: When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in Category 1. Proposed orders do not generate an NEF because only orders that have been entered are placed on a CM/ECF docket.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

301 E. Ocean Blvd., Suite 1700
Long Beach, CA 90802

A true and correct copy of the foregoing document described as **MOTION FOR ENTRY OF ORDER: 1. AUTHORIZING SALE OF ESTATE ASSET (LIQUOR LICENSE) FREE AND CLEAR OF CLAIMS OR INTERESTS PURSUANT TO 11 U.S.C. § 363(b) and (f); 2. APPROVING OVERBID PROCEDURES; 3. DETERMINING THAT BUYER IS ENTITLED TO A GOOD FAITH DETERMINATION PURSUANT TO 11 U.S.C. § 363(m).**

will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d), and (b) in the manner indicated below:

I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF")- Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On 5/7/2018, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email addressed indicated below:

- **Don Fisher** dfisher@ptwww.com, tblack@ptwww.com
- **Michael J Hauser** michael.hauser@usdoj.gov
- **United States Trustee (SA)** ustpreion16.sa.ecf@usdoj.gov

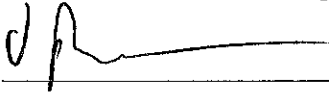
II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL (indicated method for each person or entity served):
On 5/8/2018 I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follow. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the following document is filed.

Service information continued on attached page

III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or LBR, on _____ I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method) by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

5/8/2018	Valerie Phillips	
Date	Type Name	Signature

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Service List

Honorable Scott Clarkson
411 W. Fourth Street Suite 5130
Santa Ana, CA 92701

CA Dept of Tax & Admin
16715 Von Karman Ave, Suite 200
Irvine, CA 92606

CA Dept of Tax and Fee Admin.
Special Ops MIC:55
PO Box 942879
Sacramento CA 94279-0055

County of Orange
P.O. Box 4515
Santa Ana, CA 92702-4515
Attn: Bankruptcy Unit

D&D Wholesale Distributors, Inc.
777 Baldwin Park Blvd.
La Puente, CA 91746

DeBello, LLC
9877 Chapman Ave
Suite D, MS172
Garden Grove, CA 92841

Employment Development Department
Bankruptcy Group MIC 92E
POB 826880
CA 92480-0001

FRANCHISE TAX BOARD
BANKRUPTCY SECTION MS A340
PO BOX 2952
SACRAMENTO CA 95812-2952

Franchise Tax Board
P.O. Box 942867
Sacramento, CA 94267

Freeway Industrial Park, Inc.
Attn: Jeanette Ditkowsky
18092 Stratford Circle
Villa Park, CA 92861

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1 **Internal Revenue Service**

2 P.O. Box 7346
3 Philadelphia, PA 19101

4 **Keeli Lisack**

5 7451 Warner Ave.
6 Suite E-273
7 Huntington Beach, CA 92647

8 **Orange County Treasurer & Tax Coll**

9 P.O. Box 1438
10 Santa Ana, CA 92702

11 **Orange Door Entertainment LTD**

12 6185 Magnolia Ave #164
13 Riverside, CA 92506

14 **Prudential Overall Supply**

15 1661 Alton Parkway
16 Irvine, CA 92606

17 **State Board of Equalization**

18 P.O. Box 942879
19 Sacramento, CA 94279

20 **U.S. Foods, Inc.**

21 9399 West Higgins Rd
22 Suite 500
23 Des Plaines, IL 60018

24 **Verlance**

25 Gary Hill
26 Temecula, CA 92590
27
28

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Exhibit A



California Department of Alcoholic Beverage Control
 License Query System Summary as of 05/06/2018

License Information					
License Number:	540850				
Primary Owner:	FUZION MEET EAT PLAY, LLC				
ABC Office of Application:	11 - SANTA ANA				
Business Name					
FUZION MEET EAT PLAY					
Business Address					
7227 EDINGER AVE STE A&B					
HUNTINGTON BEACH, CA. 92647					
County: ORANGE	Census Tract: 0996.05				
Licensee Information					
Licensee: FUZION MEET EAT PLAY, LLC					
Company Information					
MEMBER: NGUYEN, PETER					
MEMBER: LISACK, KEELI SCOTT					
MEMBER: SIMS, ALFRED LEE					
License Types					
1) License Type:	47 - ON-SALE GENERAL EATING PLACE				
License Type Status:	SURRENDERED				
Status Date:	05-OCT-2016	Term:	12 Month(s)		
Original Issue Date:	09-APR-2015	Expiration Date:	31-MAR-2018		
Master:	Y	Duplicate:	0	Fee Code:	P40
License Type was Transferred On:		From:			
License Type was Transferred On:		To:	47-578401		
Conditions:	PRIORITIES 1995 AND LATER, NO SALE 2 YEARS				
2) License Type:	58 - CATERER PERMIT				
License Type Status:	CANCELED				
Status Date:	27-MAR-2017	Term:	12 Month(s)		
Original Issue Date:	19-APR-2016	Expiration Date:	31-MAR-2018		
Master:	N	Duplicate:	1	Fee Code:	P40
License Type was Transferred On:		From:			
License Type was Transferred On:		To:	47-578401		
Conditions:	PRIORITIES 1995 AND LATER, NO SALE 2 YEARS				
3) License Type:	41 - ON-SALE BEER AND WINE - EATING PLACE				
License Type Status:	CANCELED				
Status Date:	09-APR-2015	Term:	12 Month(s)		
Original Issue Date:	04-MAR-2014	Expiration Date:	31-OCT-2015		
Master:	Y	Duplicate:	0	Fee Code:	P40
License Type was Transferred On:	04-MAR-2014	From:	41-486035		
License Type was Transferred On:		To:			
Conditions:	PRIORITIES 1995 AND LATER, NO SALE 2 YEARS				
Operating Restrictions					
*Operating Restrictions exist. For more information, please see our Guidelines for Access to Records .					
Disciplinary Action					
... No Active Disciplinary Action found ...					
Disciplinary History					
... No Disciplinary History found ...					
Holds					
Hold Date:	10-NOV-2016	Type:	BOARD OF EQUALIZATION HOLD		
Hold Date:	28-NOV-2016	Type:	FRANCHISE TAX HOLD		
Escrows					
... No Escrow found ...					

For a definition of codes, view our [glossary](#).

Exhibit B

Fill in this information to identify the case:

Debtor 1 FUZION MEET EAT PLAY, LLC
 Debtor 2 _____
 (Spouse, if filing)
 United States Bankruptcy Court for the: CENTRAL District of CALIFORNIA
 Case number 18-10019

Official Form 410

Proof of Claim

12/15

Read the instructions before filing out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. Do not send original documents; they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

Part 1: Identify the Claim

1. Who is the current creditor?	EMPLOYMENT DEVELOPMENT DEPARTMENT Name of the current creditor (the person or entity to be paid for this claim) Other names the creditor used with the debtor _____	
2. Has this claim been acquired from someone else?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. From whom? _____	
3. Where should notices and payments to the creditor be sent?	Where should notices to the creditor be sent? EMPLOYMENT DEVELOPMENT DEPARTMENT Bankruptcy Group MIC 92E PO Box 826880 Sacramento, CA 94280-0001 Contact phone (916) 464-2888 Contact email CDBankruptcyGroup.Tax@edd.ca.gov	Where should payments to the creditor be sent? (if different) _____ _____ _____ Contact phone _____ Contact email _____
4. Does this claim amend one already filed?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Claim number on court claims registry (if known) _____ Filed on: _____ MM / DD / YYYY	
5. Do you know if anyone else has filed a proof of claim for this claim?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Who made the earlier filing? _____	

Part 2: Give Information About the Claim as of the Date the Case Was Filed

6. Do you have any number you use to identify the debtor? No Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: XXXX-XXX0736

7. How much is the claim? \$176,306.72 Does this amount include interest or other charges? No Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).

8. What is the basis of the claim? Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card. Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c). Limit disclosing information that is entitled to privacy, such as health care information. Taxes _____

9. Is all or part of the claim secured? No Yes. The claim is secured by a lien on property.

Nature of property:

Real estate. If the claim is secured by the debtor's principal residence, file a *Mortgage Proof of Claim Attachment* (Official Form 410-A) with this *Proof of Claim*.

Motor vehicle

Other. Describe: _____

Basis for perfection: _____

Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.)

Value of property: \$0.00

Amount of the claim that is secured: \$0.00

Amount of the claim that is unsecured: \$0.00 (The sum of the secured and unsecured amounts should match the amount in line 7.)

Amount necessary to cure any default as of the date of the petition: \$0.00

Annual Interest Rate (when case was filed) 0.00%

Fixed Variable

10. Is this claim based on a lease? No Yes. Amount necessary to cure any default as of the date of the petition. _____

11. Is this claim subject to a right of setoff? No Yes. Identify the property: _____

12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)? No Yes. *Check all that apply:*

A claim may be partly priority and partly nonpriority. For example, in some categories, the law limits the amount entitled to priority.

	Amount entitled to priority
<input type="checkbox"/> Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).	\$ 0.00
<input type="checkbox"/> Up to \$2,775* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).	\$ 0.00
<input type="checkbox"/> Wages, salaries, or commissions (up to \$12,475*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).	\$ 0.00
<input checked="" type="checkbox"/> Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).	\$ 34,330.01
<input type="checkbox"/> Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).	\$ 0.00
<input type="checkbox"/> Other. Specify subsection of 11 U.S.C. § 507(a)() that applies.	\$ 0.00

* Amounts are subject to adjustment on 4/01/16 and every 3 years after that for cases begun on or after the date of adjustment.

Part 3: Sign Below

The person completing this proof of claim must sign and date it. FRBP 9011(b).

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152,157, and 3571.

Check the appropriate box:

- I am the creditor.
- I am the creditor's attorney or authorized agent.
- I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.
- I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this *Proof of Claim* and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date March 16, 2018
 MM / DD / YYYY

/s/ JENNIFER TORRES
 Signature

Print the name of the person who is completing and signing this claim:

Name JENNIFER TORRES
 First name Middle name Last name

Title Tax Administrator

Company EMPLOYMENT DEVELOPMENT DEPARTMENT
 Identify the corporate servicer as the company if the authorized agent is a servicer.

Address Bankruptcy Group MIC 92E
PO Box 826880
Sacramento, CA 94280-0001

Contact phone (916) 464-2888 Email CDBankruptcyGroup.Tax@edd.ca.gov

Employment Development Department (EDD)

Summary Itemization of Proof of Claim

Petition Date: 01/04/18

In the Matter of: FUZION MEET EAT PLAY, LLC

EDD Identification Number(s):
 XXXX-XXX0736

This claim is based on unpaid California payroll taxes under Section 507(a)(8) (C) of the United States Bankruptcy Code (USBC) for State Disability Insurance (SDI) and State Personal Income Tax (PIT) withholdings (trust funds) and Section 507(a)(8) (E) for Unemployment Insurance (UI) and Employment Training Tax (ETT) (non-trust-funds).

Priority Claims under Section 507(a)(8) of the Bankruptcy Code

EDD Account No.	Tax Period	507(a)(8)(C) Taxes	507(a)(8)(E) Taxes	Interest Date To 01/04/18	Account Total
XXX-3550-X	7/1/2016 To 9/30/2016	\$2,423.91	\$8,242.08	\$495.81	\$11,161.80
XXX-3550-X	4/1/2016 To 6/30/2016	\$219.57	\$1,456.40	\$91.05	\$1,767.02
XXX-3550-X	4/1/2016 To 6/30/2016	\$219.57	\$1,456.38	\$91.04	\$1,766.99
XXX-3550-X	1/1/2016 To 3/31/2016	\$295.03	\$1,678.98	\$122.82	\$2,096.83
XXX-3550-X	1/1/2016 To 3/31/2016	\$295.03	\$1,678.92	\$122.81	\$2,096.76
XXX-3550-X	10/1/2015 To 12/31/2015	\$1,236.32	\$503.01	\$122.04	\$1,861.37
XXX-3550-X	10/1/2015 To 12/31/2015	\$1,412.93	\$502.98	\$134.43	\$2,050.34
XXX-3550-X	7/1/2015 To 9/30/2015	\$617.55	\$283.17	\$70.43	\$971.15
XXX-3550-X	4/1/2015 To 6/30/2015	\$1,090.35	\$1,546.23	\$228.20	\$2,864.78
XXX-3550-X	1/1/2015 To 3/31/2015	\$563.73	\$1,837.37	\$235.83	\$2,636.93
XXX-3550-X	1/1/2015 To 3/31/2015	\$0.00	\$0.00	\$24.20	\$24.20
XXX-3550-X	10/1/2014 To 12/31/2014	\$0.00	\$0.00	\$31.70	\$31.70
XXX-3550-X	10/1/2014 To 12/31/2014	\$1,045.72	\$1,181.23	\$254.22	\$2,481.17
XXX-3550-X	7/1/2014 To 9/30/2014	\$0.00	\$0.00	\$28.86	\$28.86
XXX-3550-X	7/1/2014 To 9/30/2014	\$485.78	\$0.00	\$62.88	\$548.66
XXX-3550-X	4/1/2014 To 6/30/2014	\$0.00	\$0.00	\$34.74	\$34.74
XXX-3550-X	4/1/2014 To 6/30/2014	\$1,348.20	\$0.00	\$168.59	\$1,516.79
XXX-3550-X	3/1/2014 To 3/31/2014	\$0.00	\$0.00	\$29.17	\$29.17
XXX-3550-X	3/1/2014 To 3/31/2014	\$314.44	\$0.00	\$46.31	\$360.75
Total Amount of Priority Claims					\$34,330.01

Unsecured Claims

1) Penalty to 01/04/18.	\$124,941.39
2) Interest not included in the priority claim.	\$11,644.79
3) Non-Priority USBC Section 507(a)(8)(E) Unemployment Insurance and/or Employment Training Tax (ETT).	\$5,390.53
4) Overpayment of Unemployment Insurance and/or Disability Insurance Benefits for which this Debtor is liable under Section(s) 1375/2735 of the California Unemployment Insurance Code.	\$0.00
Total Amount of Unsecured Claims	\$141,976.71

Note: Interest continues to accrue on all amounts included in this claim until paid or discharged.
 DE 6470 Rev. 1 (12-16)

Employment Development Department (EDD)

Summary Itemization of Proof of Claim

Petition Date: 01/04/18

In the Matter of: FUZION MEET EAT PLAY, LLC

EDD Identification Number(s):
XXXX-XXX0736

This claim is based on unpaid California payroll taxes under Section 507(a)(8) (C) of the United States Bankruptcy Code (USBC) for State Disability Insurance (SDI) and State Personal Income Tax (PIT) withholdings (trust funds) and Section 507(a)(8) (E) for Unemployment Insurance (UI) and Employment Training Tax (ETT) (non-trust-funds).

Claim Total **\$176,306.72**

All or part of this amount is estimated. When the debtor files proper return(s) with EDD, as required by law, this claim may be adjusted as necessary.

\$242,251.62 of this claim is contingent on the decision to be made on the Petition for Reassessment.

Exhibit C



Bankruptcy Case Number:
1810019

Account Number(s):
XXXXXXXX0115XXX

Proof of Claim

United States Bankruptcy Court
 Central District of California
 Ronald Reagan Federal Bldg
 411 West Fourth St STE 2030
 Santa Ana CA 92701-4593

Type of Liability:
PARTNERSHIP

Debtor(s): FUZION MEET EAT PLAY, LLC

Basis of Liability Statement

Claim	Basis	Period	Tax	Penalty	Interest	Costs	Total Claim
B	1	12/31/2014	\$2,640.00	\$0.00	\$307.10	\$0.00	\$2,947.10
B	1	12/31/2015	\$3,300.00	\$0.00	\$236.16	\$0.00	\$3,536.16
B	3	12/31/2017	\$800.00	\$0.00	\$23.48	\$0.00	\$823.48
B	3	12/31/2018	\$800.00	\$0.00	\$0.00	\$0.00	\$800.00
C	1	12/31/2014	\$0.00	\$696.25	\$13.16	\$50.00	\$759.41
C	1	12/31/2015	\$0.00	\$809.50	\$19.85	\$274.00	\$1,103.35
C	1	12/31/2016	\$0.00	\$324.00	\$2.57	\$0.00	\$326.57
C	3	12/31/2017	\$0.00	\$76.00	\$0.00	\$0.00	\$76.00

Claim

- A. Secured
- B. Unsecured Priority
- C. Unsecured General
- T. To Be Determined

Basis

- 1. Return filed with balance due
- 3. No return filed
- 4. Audit Assessment
- 5. Other

Tax Lien Information for Secured Claim

Lien Certificate Number	Recording Date	County Recorder or Secretary of State	Recording Information	Tax Years Secured

The Franchise Tax Board Bankruptcy Section takes an active role in resolving bankruptcy issues. We can receive delinquent tax returns and encourage correspondence and telephone calls. We provide assistance to prevent unnecessary litigation.

Fill in this information to identify the case:

Debtor 1 FUZION MEET EAT PLAY, LLC

Debtor 2 _____
(Spouse, if filing)

United States Bankruptcy Court for the: Central District of California
(State)

Case number 1810019

Official Form 410
Proof of Claim

04/16

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. Do not send original documents; they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

Part 1: Identify the Claim

1. **Who is the current creditor?** FRANCHISE TAX BOARD
Name of the current creditor (the person or entity to be paid for this claim)
Other names the creditor used with the debtor _____

2. **Has this claim been acquired from someone else?** No
 Yes. From whom? _____

3. **Where should notices and payments to the creditor be sent?**

Where should notice to the creditor be sent?	Where should payments to the creditor be sent? (if different)
<u>BANKRUPTCY SECTION MS A340</u>	
<u>FRANCHISE TAX BOARD</u>	
Name	Name
<u>PO Box 2952</u>	
Number Street	Number Street
<u>Sacramento CA 95812-2952</u>	
City State ZIP Code	City State ZIP Code
Contact phone <u>(916) 845-4750</u>	Contact phone _____
Contact email _____	Contact email _____
Uniform claim identifier for electronic payments in chapter 13 (if you use one): -----	

4. **Does this claim amend one already filed?** No
 Yes. Claim number on court claims registry (if known) _____ Filed on _____
MM / DD / YYYY

5. **Do you know if anyone else has filed a proof of claim for this claim?** No
 Yes. Who made the earlier filing? _____

Part 2: Give Information About the Claim as of the Date the Case Was Filed

6. Do you have any number you use to identify the debtor? No 0115
 Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: _____

7. How much is the claim? \$ 10,372.07. Does this amount include interest or other charges?
 No
 Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).

8. What is the basis of the claim? Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card.
 Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c).
 Limit disclosing information that is entitled to privacy, such as health care information.
Taxes and/or fees

9. Is all or part of the claim secured? No
 Yes. The claim is secured by a lien on property.

Nature of property:

Real estate. If the claim is secured by the debtor's principal residence, file a *Mortgage Proof of Claim Attachment* (Official Form 410-A) with this *Proof of Claim*.
 Motor vehicle
 Other. Describe: _____

Basis for perfection: _____
 Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.)

Value of property: \$ _____
Amount of the claim that is secured: \$ _____
Amount of the claim that is unsecured: \$ 10,372.07 (The sum of the secured and unsecured amounts should match the amount in line 7.)
Amount necessary to cure any default as of the date of the petition: \$ _____

Annual Interest Rate (when case was filed) _____ %
 Fixed
 Variable

10. Is this claim based on a lease? No
 Yes. Amount necessary to cure any default as of the date of the petition. \$ _____

11. Is this claim subject to a right of setoff? No
 Yes. Identify the property: _____

12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?

- No
 Yes. Check all that apply.

A claim may be partly priority and partly nonpriority. For example, in some categories, the law limits the amount entitled to priority.

- Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).
- Up to \$2,850* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).
- Wages, salaries, or commissions (up to \$12,850*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).
- Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).
- Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).
- Other. Specify subsection of 11 U.S.C. § 507(a)() that applies.

Amount entitled to priority	
\$	_____
\$	_____
\$	_____
\$	8,106.74
\$	_____
\$	_____

* Amounts are subject to adjustment on 4/01/19 and every 3 years after that for cases begun on or after the date of adjustment.

Part 3: Sign Below

The person completing this proof of claim must sign and date it. FRBP 9011(b).

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Check the appropriate box:

- I am the creditor.
- I am the creditor's attorney or authorized agent.
- I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.
- I am the guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this *Proof of Claim* and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date 01/22/2018
MM / DD / YYYY

/s/ Bee Xiong
Signature

Print the name of the person who is completing and signing this claim:

Name Bee Xiong
First name Middle name Last name

Title Franchise Tax Board Claim Agent
BANKRUPTCY SECTION MS A340

Company FRANCHISE TAX BOARD
Identify the corporate servicer as the company if the authorized agent is a servicer.

Address PO Box 2952
Number Street

Sacramento CA 95812-2952
City State ZIP Code

Contact phone (916) 845-4750 Email _____



BANKRUPTCY SECTION MS A340
FRANCHISE TAX BOARD
PO BOX 2952
SACRAMENTO CA 95812-2952

Phone:(916) 845-4750 Fax: (916) 845-9799

Date: 01/22/18
Bankruptcy Case Number: 1810019
Petition Date: 01/04/2018
Debtor Name:FUZION MEET EAT PLAY, LLC

Attachment

Franchise Tax Board (FTB) reserves the right to amend this claim/request based on any audit or investigation of any filed income tax returns or any other audit or investigation.

FTB reserves the right to amend this claim/request in accordance with applicable law, including, without limitation, modifying the amounts claimed as an administrative expense, secured, priority, and unsecured for the purposes of this bankruptcy case.

FTB reserves the right to amend this claim/request to add additional penalties and interest.

FTB's records indicate an income tax return has **not** been filed for the following tax year(s): 2017, 2018.

Accordingly, FTB reserves the right to amend this claim/request based upon receipt of such income tax return(s), any audit or investigation of such return(s), or any other audit or investigation.

FTB's claim, to the extent it is secured, is secured by all property and rights to property whether real or personal, tangible or intangible, including all after-acquired property and rights to property, belonging to the debtor(s) and located in this state. (California Revenue & Taxation Code §19221; California Government Code § 7170.) Should the value of the collateral be determined to be less than the amount of the secured claim or should the lien be avoided in whole or in part, FTB reserves the right to amend this claim to state its unsecured non-priority claim and its unsecured priority claim.

Except to the extent stated herein, FTB has not identified a right of setoff or counterclaim. However, this determination is based on available data and is not intended to waive any right of setoff against this claim of debts owed to this debtor by FTB or any other state agency. All rights of setoff are preserved and will be asserted to the extent lawful.

Exhibit D

ORIGINAL

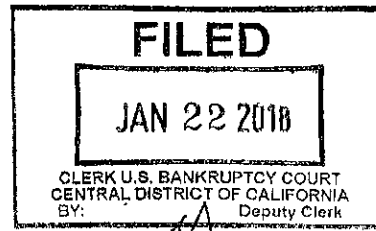
Fill in this information to identify the case:

Debtor 1 FUZION MEET EAT PLAY, LLC

Debtor 2 _____
 (Spouse, if filing)

United States Bankruptcy Court for the Central District of California - Santa Ana

Case number: 18-10019-SC



Official Form 410

Proof of Claim

12/15

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. Do not send original documents; they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

Part 1: Identify the Claim

<p>1. Who is the current creditor?</p>	<p>California Department of Tax and Fee Administration (functional successor to Board of Equalization 7/1/17)</p> <p>Name of the current creditor (the person or entity to be paid for this claim)</p> <p>Other names the creditor used with the debtor <u>fka: Board of Equalization</u></p>	
<p>2. Has this claim been acquired from someone else?</p>	<p><input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. From whom? _____</p>	
<p>3. Where should notices and payments to the creditor be sent?</p> <p>Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)</p>	<p>Where should notices to the creditor be sent?</p> <p>California Department of Tax and Fee Administration /Special Ops, MIC:55</p> <p>Name <u>PO Box 942879</u> NumberStreet <u>Sacramento CA 94279-0055</u> City State ZIP Code Contact phone <u>916-445-1122</u> Contact email <u>LegalsOB@cdtfa.ca.gov</u></p>	<p>Where should payments to the creditor be sent? (If different)</p> <p>Name _____ NumberStreet _____ City State ZIP Code _____ Contact phone _____ Contact email _____</p> <p>Uniform claim identifier for electronic payments in chapter 13 (if you use one): _____</p>
<p>4. Does this claim amend one already filed?</p>	<p><input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Claim number on court claims registry (if known) _____ Filed on _____ MM / DD / YYYY</p>	
<p>5. Do you know if anyone else has filed a proof of claim for this claim?</p>	<p><input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Who made the earlier filing? _____</p>	

Part 2: Give Information About the Claim as of the Date the Case Was Filed

6. Do you have any number you use to identify the debtor? No Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor 5 6 2 3

7. How much is the claim? \$ 2,536.57 Does this amount include interest or other charges? No Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).

8. What is the basis of the claim? Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card. Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c). Limit disclosing information that is entitled to privacy, such as health care information.

Taxes

9. Is all or part of the claim secured? No Yes. The claim is secured by a lien on property.

Nature of property:

Real Estate. If the claim is secured by the debtor's principal residence, file a *Mortgage Proof of Claim Attachment (Official Form 410-A)* with this *Proof of Claim*.

Motor vehicle

Other. Describe: _____

Basis for perfection: _____

Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.)

Value of Property: \$ _____

Amount of the claim that is secured: \$ _____

Amount of the claim that is unsecured: \$ _____ (The sum of the secured and unsecured amounts should match the amount in line 7.)

Amount necessary to cure any default as of the date of the petition: \$ _____

Annual Interest Rate (when case was filed) _____ %.

Fixed

Variable

10. Is this claim based on a lease? No Yes. Amount necessary to cure any default as of the date of the petition. \$ _____

11. Is this claim subject to a right of setoff? No Yes. Identify the property. _____

12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?

No
 Yes. Check all that apply.

	Amount entitled to priority
<input type="checkbox"/> Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).	\$ _____
<input type="checkbox"/> Up to \$2,775* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).	\$ _____
<input type="checkbox"/> Wages, salaries, or commissions (up to \$12,475* earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).	\$ _____
<input checked="" type="checkbox"/> Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).	\$ <u>2,536.57</u>
<input type="checkbox"/> Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).	\$ _____
<input type="checkbox"/> Other. Specify subsection of 11 U.S.C. § 507(a)(3) that applies.	\$ _____

* Amounts are subject to adjustment on 4/01/16 and every 3 years after that for cases begun on or after the date of adjustment.

Part 3: Sign Below

The person completing this proof of claim must sign and date it. FRBP 9011(b).

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Check the appropriate box:

I am the creditor.
 I am the creditor's attorney or authorized agent.
 I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.
 I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this *Proof of Claim* and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date 1/17/2018
 MM / DD / YYYY

 Signature *Eve Lee*

Print the name of the person who is completing and signing this claim.

Name EVE LEE
First name Middle name Last name

Title Authorized Representative

Company California Department of Tax and Fee Administration /Special Ops, MIC:55
Identify the corporate servicer as the company if the authorized agent is a servicer.

Address PO Box 942879
Number/Street

Sacramento CA 94279-0055
City State ZIP Code

Contact phone 916-445-1122 Email LegalSOB@cdtfa.ca.gov

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CLAIM SUMMARY, CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION, dated 1/17/2018

Debtor FUZION MEET EAT PLAY, LLC	Case Number - Chapter - Petition Date 18-10019 (11) 1/4/2018
Account Number(s) SR EA 102505623	Court Central District of California - Santa Ana

SUMMARY OF LIABILITY

CLAIM CLASS	TAX PROGRAM OR REASON	DEBT PERIOD	TAX	INTEREST (to petition or conversion date)	PENALTY	TOTAL
P	1	04/01/16 - 06/12/16	\$2,356.46	\$180.11		\$2,536.57
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TOTALS			\$2,356.46	\$180.11		\$2,536.57

* Notes

CODES - CLAIM CLASS

P = Unsecured Priority - 11 USC §507(a)(8) P3 = "Gap" Claim - 11 USC §507(a)(3) P1305 = 11 USC §1305 S = Secured
 G = Unsecured NON priority (General) G1 = Unsecured NON priority- 11 USC §726(a)(4) G2 = Unsecured NON priority- 11 USC §726(a)(5)

CODES - TAX PROGRAM OR REASON

- | | | |
|------------------------|----|----|
| 1. Sales and Use Taxes | 3. | 5. |
| 2. | 4. | 6. |

CLASS TOTALS	Unsecured	Secured	Priority	Total
			\$2,536.57	\$2,536.57

(For Summary of Tax Liens, see reverse side)

**CURD,
GALINDO
& SMITH, L.L.P.**
Attorneys

May 7, 2018

Nachman Brautbar, M.D.
6200 Wilshire Blvd., Ste 1000
Los Angeles, CA 90048

Re: Sager v. J-Mar Investments et al LASC Case No.: BC 617543

Dear Dr. Brautbar:

I enclose the following deposition transcripts and CD with medical records.

1. Deposition of Elinor Lin, M.D. (Neurologist)
2. Deposition of Hanna Soliman (Psychiatrist)
3. Deposition of Kathleen Kosche (therapist)
4. CD with medical records

You can always reach me by email: agalindo@cgsattys.com or on my cell 714-612-4693.

Sincerely,

CURD, GALINDO & SMITH, L.L.P.

Alex Galindo
AG:id

Exhibit E



Valencia Blvd., Ste 100A
Valencia, CA 91355
Phone: (661) 222-3132
Fax: (661) 254-3492

FEDERAL ESCROW, INC.

ABC LICENSE ESCROW INSTRUCTIONS

FEDERAL ESCROW, INC. IS LICENSED BY BUSINESS OVERSIGHT, STATE OF CALIFORNIA, UNDER LICENSE NO. 963-1846

Escrow Officer: Stephanie Soto
Escrow No.: 69533-SS

Date: February 21, 2018

These ABC License Escrow Instructions (hereinafter referred to as the "Escrow Instructions") are given February 21, 2018, by and between Fuzion Meef Eat Play, LLC, a California limited liability company (hereinafter referred to as "Seller") and RNB Tustin, LLC, a California limited liability company (hereinafter referred to as "Buyer"). Seller and Buyer may be collectively referred to as the "Parties," or individually as a "Party," in these Escrow Instructions.

WITNESSETH: Seller is the owner of On-Sale General Eating Place License No. 47-540850 (hereinafter referred to as "ABC License") issued to Seller's premises located at 7227 Edinger Avenue, Suite A&B, Huntington Beach, CA 92647. Furthermore, Seller agrees to sell, and Buyer agrees to purchase the ABC License from Seller under terms and conditions as stated in these Escrow Instructions. Seller and Buyer instruct Federal Escrow, Inc. (hereinafter referred to as "Escrow Holder") as follows:

THE PURCHASE PRICE for the ABC License that is to transfer to Buyer's proposed business address located at 1222 Irvine Blvd., Tustin, CA 92780

Shall be the sum of \$ 65,000.00

Payable as follows:

Buyer's Initial deposit into escrow, upon execution hereof, in the amount of \$ 6,500.00

In accordance with Section 24074.3 of the California Business & Professions Code, Buyer's additional deposit into escrow, on or before thirty (30) days after the date Buyer makes application at the Department of Alcoholic Beverage Control, in the amount of \$ 58,500.00

The balance of all monies due to Escrow shall be deposited into escrow via wire transfer on or before Escrow Holder's submission of a Statement Re Consideration to the California Department of Alcoholic Beverage Control (hereinafter referred to as "ABC").

INSTRUCTIONS:

- CLOSE OF ESCROW:** This Escrow will be deemed "closed" upon Escrow Holder's receipt of the fully executed *Statement Re Consideration* from ABC Headquarters, authorizing the close of escrow following the transfer of the permanent ABC License to Buyer, or (if applicable) an executed *Rule 64b Letter* (ABC-236A) from ABC Headquarters, authorizing the close of escrow following the issuance of the ABC License under the provisions of Rule 64b and Section 24044 of the Alcoholic Beverage Control Act.
- RECORDING NOTICE / ABC RENEWAL FEE:** Upon the opening of Escrow, Escrow Holder is authorized to record a *Notice of Intended Transfer of Retail Alcoholic Beverage License* (hereinafter referred to as "Notice of Intended Transfer"), pursuant to Section 24073 and 24074 of the California Business & Professions Code. Buyer agrees to submit an application for the transfer of the ABC License to the proper District Office of the ABC within thirty (30) days of Buyer's receipt of a recorded or fully executed Notice of Intended Transfer. Buyer further agrees to pay all ABC License Transfer Fees and Renewal Fees in connection with Buyer's ABC application. In the event Seller's ABC License Renewal Fee becomes due during the escrow period, Buyer agrees to pay it directly to the ABC, prior to its delinquency date of March 31, 2018.
- ESCROW FEES & COSTS:** In addition to the purchase price, Buyer agrees to pay 100% of the escrow fees, processing fees and costs in this escrow. Buyer further agrees to deposit the total amount of said escrow fees and costs concurrently with those monies due thirty (30) days after the date Buyer makes application at the ABC. Seller agrees to pay 100% of the costs of processing creditor(s) claim(s), tax agency demand(s), or both, if applicable. Escrow Holder is authorized to pay from funds deposited into escrow, all costs and expenses, including but not limited to charges for publications, recordings, messenger fees and other services required by this escrow, when incurred, with no further authorization on the part of any Party required. Furthermore, Escrow Holder is authorized to retain its escrow fee, of \$1,000.00, from Buyer's funds on deposit in escrow, upon Escrow Holder's submission of the ABC Form 226 to the ABC, with no further authorization on the part of either Party required.
- ABC FORM 211-A:** Upon the opening of escrow, Seller agrees to furnish a notarized *License Transfer Request* (hereinafter referred to as the "ABC Form 211-A") to Escrow Holder, in the manner required by the ABC, for the purpose of notifying the ABC of this sale of the subject ABC License. Escrow Holder is authorized and instructed to forward said ABC Form 211-A to the Buyer to include with Buyer's application paperwork submitted to the ABC, or to forward said ABC Form 211-A to the ABC directly.
- ABC FORM 226:** Escrow Holder is instructed to withhold the *Statement Re-Consideration* (hereinafter referred to as the "ABC Form 226") until all conditions of these Escrow Instructions have been complied with and met insofar as Escrow Holder is to be concerned. The purpose of the ABC Form 226 is to: (a) advise the ABC that all funds required to close escrow have been deposited into escrow; and (b) advise the ABC that Escrow Holder authorizes the ABC to proceed with transferring the permanent ABC License to Buyer. The Parties are made aware by Escrow Holder and understand that, subsequent to receiving the ABC Form 226 from Escrow Holder, the ABC does not have a set period of time in which the ABC will transfer the permanent ABC License to Buyer.
- ABC ACT:** Buyer declares that Buyer is fully cognizant of the provisions of the State Alcoholic Beverage Control Act, with particular reference to the qualification of licensees, and knows of no reason the ABC should deny Buyer an ABC License.
- SECTION 24049 OF CA BUSINESS & PROFESSIONS CODE:** In the event any tax agency, under the provisions of Section 24049 of the California Business & Professions Code, has a hold on the transfer of the ABC License, preventing issuance of the ABC License to Buyer, then Escrow Holder, upon receipt of the ABC Form 202A, is authorized and instructed to pay from funds on deposit in escrow, the

Seller(s) Initials _____

Page 1 of 5

Buyer(s) Initials _____

amount of any such tax agency demands without any further authorization on the part of any Party required, and deduct same from Seller's proceeds at the close of escrow.

- 8. **CALIFORNIA BUSINESS & PROFESSIONS CODE REQUIREMENTS:** Seller and Buyer understand and are made aware that Escrow Holder is required to act in accordance with the California Business & Professions Code, including but not limited to Sections 24049 and 24074 of said Code. Seller and Buyer understand and are made aware that Escrow Holder is not affiliated with any agent, finder, or consultant assisting Seller, Buyer, or both, in this Escrow. Furthermore, Seller and Buyer release Federal Escrow, Inc., its officers, and representatives from any and all liability in connection with any agreement Seller, Buyer, or both, may have with any such agent, finder, or consultant.
- 9. **BANKRUPTCY:** Buyer acknowledges that the Seller is currently under protection of Chapter 11 of Title 11 of the United States Code (A Chapter 11 Bankruptcy). Buyer understands that this sale must be approved by the Bankruptcy Court pursuant to 11 U.S.C. section 363. Buyer further understands that as a part of the Bankruptcy Court's approval of this sale the Bankruptcy Court will require that the sale be subject to overbids and that the Buyer may bid or required to bid at a higher price, for the asset, in the event of such overbid process. Seller acknowledges that Bankruptcy Court approval of this will be sale free and clear of any liens or claims and Seller shall deliver in escrow an order of the Bankruptcy Court that the sale is free and clear of liens or claims. If the Seller cannot deliver an Order authorizing the sale, including that the sale is free and clear of liens or claims, then the sale is cancelled and Buyer shall be entitled to a refund of its entire deposit. All Broker's commissions, if any, shall be borne by Buyer and not deducted from the sales price. All costs, including legal fees associated with obtaining bankruptcy court approval shall be borne by Seller.
- 10. **COMMUNICATION WITH THIRD PARTY:** If Seller or Buyer authorizes Escrow Holder to communicate with a third party, including but not limited to an attorney, broker, agent, tax advisor or consultant on either Party's behalf, both Parties hereby indemnify and hold harmless Escrow Holder, its officers, and representatives from any and all liabilities which it/they may incur in connection with such communications, including attorney's fee, costs, and expenses, all of which shall survive the close of escrow.
- 11. **ABC LICENSE CONTINGENCY / EVENT OF ESCROW CANCELLATION:** This escrow is subject to and contingent upon the transfer of the permanent ABC License to Buyer by the ABC. In the event the ABC, or any other governmental agency having jurisdiction over Buyer's proposed business premises, should deny a transfer of the ABC License, or not give approval for issuance of the ABC License to Buyer, this escrow is to be cancelled. Both Parties are aware that neither Party can unilaterally cancel this escrow. In the event this escrow is to be cancelled for any reason, including those described herein, upon request of cancellation of Escrow, Escrow Holder is authorized to deduct the escrow cancellation fee and costs from funds on deposit in escrow with no further authorization from either Party required, and each Party agrees to sign and deposit Escrow Cancellation Instructions into escrow within five (5) days of receipt of same from Escrow Holder. The Escrow Cancellation Instructions shall provide for a return to Buyer of the funds deposited into escrow by Buyer, less only the escrow cancellation fee and costs, and less any fee(s) paid by Buyer to any consultant at the opening of escrow.
- 12. **ESCROW INSTRUCTIONS:** Escrow Holder may accept these Escrow Instructions, and documents in connection with this Escrow, executed by Seller and Buyer 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. **AUTHORITY TO EXECUTE ESCROW INSTRUCTIONS:** Each person signing these Escrow Instructions, as an individual or on behalf of an entity, represents and warrants that he or she is duly authorized and has the legal capacity to execute and deliver these Escrow Instructions to Escrow Holder. Each Party represents and warrants to the other that the execution and delivery of these Escrow Instructions and the performance of such Party's obligations hereunder have been duly authorized and that these Escrow Instructions are a valid and legal agreement binding on such Party and enforceable in accordance with its terms.
- 14. **OPENING OF ESCROW:** Escrow shall be deemed "open" on the date Escrow Holder receives both (a) a copy of these Escrow Instructions executed by all Parties, and (b) Buyer's opening escrow deposit. In the event Seller and Buyer execute these Escrow Instructions in counterparts and deliver same to Escrow Holder on different days, the Parties agree that escrow shall be deemed "open" on the later date that Escrow Holder receives the executed Escrow Instructions from all Parties.
- 15. **SELLER'S ENTITY:** The Parties are made aware by Escrow Holder that the Seller's LLC, Fuzion Meet Eat Play, LLC, is currently in "FTB Suspended" status with the California Secretary of State. Seller shall immediately contact the California Secretary of State to resolve this matter. However, insofar as the ABC will nonetheless permit the named Licensee to transfer the subject ABC License to a qualified Buyer under the name of the suspended LLC, the Parties have elected to proceed with this transaction and instruct Escrow Holder to accept the Escrow Instructions and related escrow documents executed by Keeli Scott Lisack, as the Managing Member of Fuzion Meet Eat Play, LLC. The Parties acknowledge that they have been advised to consult with their attorney on the legality and enforceability of this escrow transaction based upon the legal status of Seller. Regardless of whether the Parties have received the benefit of such counsel, Escrow Holder is instructed to proceed with this escrow transaction and is not to be concerned with the legality or enforceability of this escrow transaction. The Parties, jointly and severally, agree to indemnify and hold harmless Escrow Holder, its officers, and representatives from and against any and all liability for any loss, harm, or damage resulting from Escrow Holder's compliance with these Escrow Instructions and agree to reimburse Escrow Holder, its officers, and representatives for any attorney fees and/or costs it/they may incur as a result of compliance with this provision or litigation resulting therefrom between the Parties and/or with third Parties.
- 16. **FINAL AGREEMENT:** Seller and Buyer agree that no representations have been made by any Party other than those specifically set forth herein, and these Escrow Instructions are the final agreement between the Parties hereto, superseding all prior agreements whatsoever.

ADDITIONAL ESCROW INSTRUCTIONS AND TERMS ("GENERAL PROVISIONS") ATTACHED HERETO ARE BY REFERENCE INCORPORATED HEREIN AND MADE A PART HEREOF. THE UNDERSIGNED HEREBY ACKNOWLEDGE THEY HAVE RECEIVED AND READ THESE ESCROW INSTRUCTIONS AND ATTACHED PAGES OF "GENERAL PROVISIONS" AND APPROVE, ACCEPT, AND AGREE TO BE BOUND THEREBY. IN THE EVENT OF ANY CONFLICT BETWEEN THE TERMS OF THESE ESCROW INSTRUCTIONS AND THE ATTACHED GENERAL PROVISIONS, THE TERMS OF THESE ESCROW INSTRUCTIONS SHALL GOVERN AND CONTROL.

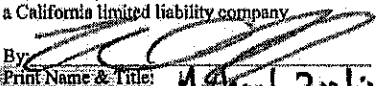
SELLER(S):

Fuzion Meet Eat Play, LLC
a California limited liability company

By: _____
Print Name & Title:

BUYER(S):

RNB Tustin, LLC
a California limited liability company

By: 
Print Name & Title: Michael Zisli, Co-Chairman

GENERAL PROVISIONS CONTINUED ON NEXT PAGE

GENERAL PROVISIONS TO BULK SALE AND/OR ALCOHOLIC BEVERAGE CONTROL LICENSE TRANSFER ESCROW

1. **AGREEMENT TO BE BOUND BY GENERAL PROVISIONS:** The Parties hereto, by mutual agreement, do enter into this escrow transaction with Escrow Holder for the purpose of completing this transaction in accordance with Division 6 of the California Commercial Code and Sections 24071-24074 of the California Business and Professions Code, as appropriate. The Parties agree to execute these instructions and any supplemental instructions presented by Escrow Holder confirming their agreement to be bound to any additional terms and conditions of Escrow Holder, including Escrow Holder's general provisions, and authorize Escrow Holder to resign from processing this escrow transaction if mutual agreement cannot be reached between the Parties and Escrow Holder relative to the terms or conditions of Escrow Holder's duty.
2. **COMMENCEMENT OF ESCROW HOLDER DUTY:** This escrow transaction is deemed open, and Escrow Holder's duty commences, upon receipt of mutual or matching escrow instructions, signed by all Parties and the initial, good faith deposit are deposited with Escrow Holder. Said escrow instructions shall be incorporated in the purchase agreement or, if the purchase agreement does not include escrow instructions or no purchase agreement is entered into by the Parties, shall be drafted by Escrow Holder at the direction of the Parties.
3. **DUTIES OF ESCROW HOLDER:** The Parties agree that Escrow Holder has only those responsibilities inherent of an escrow service provider and that there are no other legal relationships established between Escrow Holder and the Parties by way of this escrow transaction. Those duties are limited to the safekeeping of such money and documents received by Escrow Holder and for the disposition and/or disbursement of same in accordance with the written instructions accepted by Escrow Holder in this Escrow. Escrow Holder shall not be liable for any damages, losses, costs, or expenses incurred by any Party in the handling and processing of this escrow transaction as a result of any act or failure to act made or omitted in good faith or for any action taken that Escrow Holder shall in good faith believe to be genuine, excepting such as may arise through or be caused by Escrow Holder's willful neglect or gross misconduct.
4. **PROMISE TO PAY AND INDEMNIFY:** The Parties hereby jointly and severally promise and agree to pay promptly on demand made by Escrow Holder, as well as to indemnify Escrow Holder and hold Escrow Holder harmless from and against all litigation and interpleader costs, damages, judgments, attorneys' fees, expenses, obligations, and liability of every kind which in good faith Escrow Holder may incur or suffer in connection with or arising out of this escrow transaction, whether said litigation, interpleader, obligation, liability or expense arises during the performance of this escrow transaction or subsequent thereto, directly or indirectly. The Parties agree to pay Escrow Holder a reasonable fee for all time spent by officers or employees of Escrow Holder in connection with any dispute resolution action taken relative to this escrow transaction including but not limited to time spent researching, reviewing and/or testifying relative thereto.
5. **UNJUST ENRICHMENT:** In the event any Party to this escrow transaction received funds or is credited funds to which they are not entitled, said Party agrees, upon written demand, to return said funds immediately to escrow for correct disbursement.
6. **DEPOSIT OF FUNDS:** Escrow Holder is instructed to deposit all funds received by Escrow Holder with any state or national bank in a trust account in the name of Escrow Holder, without any liability for payment of interest. All deposits made by personal check, cashier's check, certified check, or deposit other than cash or wire transfer are subject to clearance and payment by the financial institution upon which they are drawn. Funds deposited with Escrow Holder in the form of a check or similar instrument will be identified as collected funds when the Escrow Holder's financial institution confirms that the funds are available for disbursement.
7. **GOOD FUNDS LAW:** Pursuant to California Insurance Code Section 12413.1, known as the Good Funds Law, the Parties hereto are made aware that closing funds deposited by the Parties and/or lender must be cleared funds prior to the close of escrow. This law places some very specific constraints upon the time frames for funds to be made available for disbursement. Close of escrow cannot occur before funds are cleared and immediately collectible and available for withdrawal, which clearance can range from being immediately available upon receipt to seven (7) days depending on the form deposit. The Parties hereby release Escrow Holder of any responsibility, claim, and/or liability in connection with such a delay caused by the manner in which closing funds or lender's funds are deposited.
8. **PAYMENT OF COSTS:** The Parties hereby authorize Escrow Holder to pay from funds deposited into this escrow transaction, all charges for publications, recordings, filings, searches, preliminary reports, and other services required by this escrow, when incurred, with no further authorization on the part of any Party. The Parties hereto authorize Escrow Holder to pay from funds deposited into this escrow transaction, all escrow fees, attorney fees, and costs or other charges incurred by Escrow Holder in connection with this Escrow transaction with no further authorization on the part of any Party.
9. **EXTRAORDINARY SERVICES/FEES:** Escrow Holder may charge the Party benefitted additional fee(s) over and above Escrow Holder's customary escrow fee, for escrow services rendered that Escrow Holder considers extraordinary or unusual or not within the range of Escrow Holder's customary escrow processing. Said fee(s) shall be disclosed to the Party to be charged prior to the close of escrow.
10. **STATUTE OF LIMITATIONS:** These instructions are to be construed and interpreted according to California Law. 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, IN THIS ESCROW TRANSACTION OR IN CONNECTION WITH THE HANDLING OR PROCESSING OF THIS ESCROW TRANSACTION, UNLESS BROUGHT WITHIN TWELVE (12) MONTHS AFTER THE CLOSE OF ESCROW OR ANY CANCELLATION OR TERMINATION OF ESCROW FOR ANY REASON WHATSOEVER.
11. **WRITTEN INSTRUCTIONS REQUIRED:** Pursuant to California Civil Code Section 1624, no notice, demand, supplemental escrow instruction, or amendment of the escrow instructions (hereinafter collectively "supplemental instructions") shall be effective unless given in writing by the Parties affected thereby. Escrow Holder shall not act upon or consider such supplemental instruction to have any validity until same is fully executed and delivered to Escrow Holder by all Parties concerned.
12. **AUTHORIZATION TO ACCEPT ELECTRONIC SIGNATURES AND DOCUMENTS:** In accordance with California's Uniform Electronic Transactions Act (the "Act"), the Parties hereby authorize Escrow Holder to accept electronic and/or digital signatures and records, transmitted via facsimile or other electronic means (collectively "electronic signatures") into this escrow as originals. The Parties expressly agree that this transaction can be conducted electronically, at the option of the Parties, to the fullest extent possible under the Act and recording laws. The Parties agree to transmit original, wet signatures on (1) all documents to be recorded, (2) all documents excluded from being enforceable under the Act, and (3) all documents required to be in original form by any regulatory agency. The Parties agree to verify any and all electronic signatures upon request of Escrow Holder.
13. **ACTS OUTSIDE OF ESCROW AND MEMORANDA ITEMS:** Whenever provision is made herein for the payment of any sum, the delivery of any document, or the performance of any act "outside of escrow", Escrow Holder shall have no responsibility therefore, shall not be concerned therewith, and is specifically relieved of any obligation relative thereto. Escrow Holder is expressly instructed not to act upon or be concerned with or liable for those items designated in the purchase agreement, escrow instructions, or supplemental instructions as memoranda items between the Parties, nor any other agreement between the Parties not expressly addressed to Escrow Holder in the form of a supplemental instruction.
14. **NO DUTY TO DISCLOSE OR INSPECT:** Escrow Holder's sole duty relative to disclosures shall be the payment of invoices presented to Escrow Holder. Escrow Holder is not to be concerned with the giving of any disclosures except as expressly required to be given by an escrow service provider pursuant to Federal or State law, including but not limited to those disclosures related to lending, zoning, land division, property condition, or usury. Escrow Holder urges the Parties to seek appropriate counsel from an attorney or licensed broker to ascertain what disclosures and/or laws, if any, need to be complied with prior to the close of escrow. The Parties jointly and severally agree to indemnify and hold harmless Escrow Holder by reason of any misrepresentation or omission by a Party or agents or failure of the Parties to this escrow transaction to comply with the rules and/or regulations of any governmental agency, whether state, federal, county, municipal, or otherwise and Escrow Holder is not to be concerned with enforcement of same. If presented with an invoice in connection with any disclosure Escrow Holder is authorized to pay same without further instructions. Escrow Holder will make no physical inspection of the real property and/or personal property that is the subject of this escrow transaction, and Escrow Holder is not to be concerned with or liable for the condition of same.
15. **PROPRIETARY INFORMATION:** Escrow Holder is relieved of any duty, responsibility, and/or liability relative to disclosure of the proprietary information of the Parties and/or agents to this or any other escrow transaction. Such proprietary information includes, but is not limited to, any (A) sale, resale, loan, exchange, or other transaction involving the real property and/or personal property that is the subject of this escrow transaction or (B) benefit, including but not limited to financial gain or profit, involving the real property and/or personal property that is the subject of this escrow transaction. Escrow Holder shall be relieved of any and all liability if such proprietary information is disclosed as necessary for Escrow Holder to comply with the instructions of the Parties or if requested by a lender, agent, governmental agency, or any other entity entitled to such proprietary information. Escrow Holder is specifically authorized to furnish copies of all escrow instructions, amendments thereto, preliminary title reports, closing statements and/or related documentation to the agents and/or attorneys representing any party to this escrow transaction, as may be requested by them, without obtaining any further authorization from Buyer or Seller.

16. **NOTIFICATION OF DISHONORED CHECKS:** If any check submitted to Escrow Holder is dishonored upon presentation for payment, Escrow Holder is authorized to notify all Parties and/or their respective agents of such nonpayment. The Party receiving credit for the deposit agrees to pay a reasonable fee to Escrow Holder for the returned check.
17. **ACCEPTANCE AND VERACITY OF SIGNATURES:** Escrow Holder shall not be responsible or liable in any manner for the sufficiency or correctness as to form, manner of execution, or validity of any document deposited with Escrow Holder relative to the identity, authority, or rights of any person executing the same. All signatures submitted into this escrow transaction shall be construed as unconditional approval of the within document as to form, content, terms, and conditions. Escrow Holder shall have no obligation to verify, and will not verify, the authenticity of any signature on any document made relative to this escrow transaction. Escrow Holder shall not be liable or responsible for any loss that may occur because of forgeries, fraud, or false representations made or involving the Parties to this escrow transaction, any third Parties, the agents or any other person or entity.
18. **ACCEPTABILITY OF COUNTERPARTS:** These instructions may be executed in counterparts, each of which shall be deemed an original regardless of the date of its execution and delivery. All such counterparts together shall constitute one and same document.
19. **STANDARDIZED FORMS:** Escrow Holder is to use Escrow Holder's usual document forms or the usual forms of any reliable forms company or any title company and in the instructions insert dates and terms on the instruments if incomplete when executed. Escrow Holder is authorized to use any standardized, preprinted form in order to comply with these instructions. Escrow Holder is authorized to use Escrow Holder's own form or any form produced by any reliable forms company or any title company. Excepting Escrow Holder's own form, Escrow Holder shall not be liable for the correctness or sufficiency of such standardized preprinted forms.
20. **NOTIFICATION, RECORDING, PUBLICATION AND PAYMENT REQUIREMENTS:** The undersigned Buyer instructs Escrow Holder to prepare, file, publish, record and Notify Tax Collector as required, a Notice to Creditors (in accordance with Section 6107 of the California Commercial Code), or Sections 24071-24074 of the California Business and Professions Code, as appropriate. **THE PARTIES ARE AWARE AND ACCEPT THAT THE RESPONSIBILITY OF (AND ANY LIABILITY IN CONNECTION WITH) PUBLISHING THE NOTICE TO CREDITORS IN THE PROPER JUDICIAL DISTRICT AND OF NOTIFYING THE PROPER COUNTY TAX COLLECTOR SHALL BE THAT OF THE NEWSPAPER SERVICE AND NOT THAT OF ESCROW HOLDER.** Escrow Holder is instructed to pay claims filed as approved by the Seller from the consideration in the escrow transaction as provided in accordance with either Division 6 of the California Commercial Code or Sections 24071-24074 of the California Business and Professions Code as appropriate. Escrow Holder is further instructed to pay such taxes and amounts approved by Seller and as specified in California Business and Professions Code Section 24049 as are required by Department of Alcoholic Beverage Control to be paid as a condition precedent to the transfer of the Alcoholic Beverage Control license. If the Seller disputes any claim, Escrow Holder shall withhold funds from Seller's proceeds, make notifications to the disputed creditor and disburse funds as provided in either Division 6 of the California Commercial Code or Sections 24071-24074 of the California Business and Professions Code, as appropriate. If the cash deposited is insufficient to pay all of the claims filed in full, Escrow Holder shall withhold funds from Seller's proceeds, make appropriate notifications to creditors and disburse funds as provided in Division 6 of the California Commercial Code or Sections 24071-24074 of the California Business and Professions Code of California, as appropriate. To the extent that an obligation of the Buyer to pay cash in the future is a part of the consideration, and the cash consideration is not sufficient to pay all claims filed in full, Escrow Holder is instructed to hold such Note or other instrument in escrow and receive payments thereon as they become due. Escrow Holder shall apply all principal and interest received on the obligation to the payment of claims in accordance with the above referred to code sections, as appropriate. When all claims have been paid in full, Escrow Holder is instructed to deliver such Note or other instrument to the Seller.
21. **NOTE & SECURITY AGREEMENT:** If a Note secured by Security Agreement is to secure any part of the purchase price, Buyer instructs Escrow Holder to prepare same and instructs Escrow Holder to prepare a UCC Financing Statement, which Escrow Holder is to file with the California Secretary of State within ten (10) days of Buyer's taking physical possession of the collateral under the Security Agreement, or close of escrow, whichever occurs first.
22. **PAYMENTS OUTSIDE OF ESCROW TRANSACTION:** Escrow Holder will assume no responsibility for the payment of any insurance, personal property tax, sales tax, beverage tax, social security or unemployment insurance deductions, or any other tax, it being understood that such matters will be paid or adjusted outside of this escrow transaction. It is further understood that should Escrow Holder be directed to make any such payments of taxes or insurance, same may or may not constitute full or final payment thereof.
23. **ASSIGNMENT OF PROPERTY INSURANCE:** Seller represents and warrants, and Escrow Holder shall be fully protected in assuming that, as to any property insurance policy handed Escrow Holder, such policy is in force, has not been hypothecated, and that all necessary premiums, therefore, have been paid. Escrow Holder will transmit for assignment, any insurance policy handed Escrow for use in this escrow transaction, but Escrow Holder shall not be responsible for verifying the acceptance of the assignment and policy by the insurance company. **ESCROW HOLDER WILL MAKE NO ATTEMPT TO VERIFY THE RECEIPT OF THE REQUEST FOR ASSIGNMENT BY THE ISSUING COMPANY.** The Buyer is hereby placed on notice that if the insurance company should fail to receive said assignment, the issuing company may deny coverage for any loss suffered by Buyer. **IT IS THE OBLIGATION OF THE BUYER OR HIS REPRESENTATIVE TO VERIFY THE ACCEPTANCE OF THE ASSIGNMENT OF THE POLICY BY THE ISSUING COMPANY.**
24. **BUYER AUTHORITY TO REQUIRE WAIVERS:** The Buyer may, at Buyer's option, instruct Escrow Holder in writing before delivery of documents or disbursement of funds, not to deliver any documents or disburse any funds until such time as Buyer advised Escrow Holder that Seller has obtained releases or waivers or Buyer is otherwise satisfied with the disposition of any taxes affecting the business or personal property described herein, except where closing is required, by law, to occur.
25. **PRORATIONS AND ADJUSTMENTS:** Escrow Holder is instructed to make all prorations and adjustments on the basis of a thirty (30) day month. Escrow Holder is to use information contained on latest available tax statement, rental statement, beneficiary's statement, insurance statement, or other statement as delivered to Escrow Holder for the prorations provided for herein.
26. **DELIVERY OF BILL OF SALE:** Regardless of the date of execution or transmission to Escrow Holder of the bill of sale, same shall be deemed delivered ONLY upon delivery to Buyer through this escrow transaction. The phrase "close of escrow" as used in this escrow transaction shall mean the date on which the bill of sale is delivered to the Buyer or, where a transaction is subject to Sections 24071-24074 of the California Business and Professions Code, shall mean the date Escrow Holder is authorized to disburse funds and deliver documents pursuant to the provisions set out in said California Business and Professions Code.
27. **ASSIGNMENT OF FUNDS:** If a Party unilaterally assigns or orders the proceeds of this escrow transaction to be paid to someone other than the original parties to this Escrow, such assignment or order shall be subordinate to the expenses of this escrow transaction, liens of record on the subject property, and payments directed to be made by Parties to this escrow transaction. If the result of such assignment or order would leave the escrow without sufficient funds to close, then Escrow Holder is directed to close nevertheless and pay such assignments or orders only out of the net proceeds due the Party assigning their funds except for such assignments or orders, and to pay them in the order in which such assignments or orders are received by Escrow Holder. Escrow Holder is not to be concerned with the balance remaining unpaid, if any.
28. **DISBURSEMENT OF FUNDS AND DELIVERY OF DOCUMENTS:** All disbursements are to be made by the Escrow Holder's trust account check unless instructed otherwise in writing. Escrow Holder will not indemnify any payee or guarantee signatures of any person or entity at any financial institution. Generally, Escrow Holder or its sub-escrow agent will disburse funds, including net proceeds and payment for encumbrances of record, on the date the escrow closes; however, there are circumstances which may arise wherein said disbursements could be delayed by one or two business days. Any funds disbursed during or at the close of escrow will be issued jointly to the Parties designated as payee unless Escrow Holder is instructed otherwise in writing by all designated payees. The funds representing loan and/or sale proceeds will be disbursed jointly to all persons who were the record owners of the subject property. All disbursements of funds and/or delivery of other documents or instruments concerning this escrow transaction will be mailed to the entitled Party by regular first class mail, postage prepaid, at the last address provided to Escrow Holder. However, at Escrow Holder's discretion, Escrow Holder may send funds and/or other documents by certified or registered mail, overnight delivery, or messenger, in which case the Party for whom the delivery was made agrees to pay the costs.
29. **REPEAT CUSTOMERS:** Escrow Holder may provide a fee discount to customers who have completed one or more escrows with Escrow Holder within the last two (2) years, upon request. Said discount will be provided solely to the repeat customer irrespective of the agreement of the Parties relative to the division of escrow fees.
30. **SEVERABILITY:** In the event any escrow instruction or supplemental instruction in this escrow transaction, including these general provisions, is held invalid by judicial proceedings, the remaining shall continue to be operative and enforceable.

- 31. **CONFLICTING INSTRUCTIONS:** If conflicting demands or notices are made or served upon Escrow Holder or any controversy arises between the Parties or with any third person arising out of or relating to this escrow transaction, Escrow Holder shall have the absolute right to withhold and stop all further proceedings in, and in performance of, this escrow transaction until Escrow Holder receives written notification satisfactory to Escrow Holder of the settlement of the controversy by written agreement of the Parties, or by the final order or judgment of a court of competent jurisdiction.
- 32. **MUTUAL CANCELLATION INSTRUCTION REQUIREMENTS:** The Parties acknowledge that they are on notice that Escrow Holder shall exercise its discretion to require mutual or matching cancellation instructions instructing Escrow Holder on how the deposit is to be released, signed by all Parties and deposited with Escrow Holder prior to releasing any deposit held by Escrow Holder relative to this escrow transaction.
- 33. **CANCELLATION FEES:** In the event of cancellation or any other termination of this escrow transaction, the Parties agree to pay Escrow Holder for any costs or expenses Escrow Holder may have incurred or become obligated for pursuant to this escrow transaction and a reasonable escrow fee for the services performed to date, said cancellation fee being a minimum of five hundred dollars (\$500.00). Such costs and expenses, if any, and Escrow Holder's fee shall be deposited with Escrow Holder before any cancellation, or other termination is effective. The Parties agree that said charges for costs, expenses and fees may be apportioned between the Parties in a manner which Escrow Holder, in Escrow Holder's sole discretion, consider equitable, and that Escrow Holder's decision in that regard will be binding and conclusive upon the Parties unless specifically agreed to or determined by a court of competent jurisdiction. In the event of failure to pay costs, expenses, and fees due hereunder, on demand, the Parties agree to pay reasonable fees for any attorney services which may be required to collect such fees or expenses. Upon payment of such cancellation fees, Escrow Holder is authorized to return documents and funds to the respective Parties depositing same, or for whose benefit an unconditional deposit was made, or to void executed instruments as appropriate.
- 34. **TIME IS OF THE ESSENCE:** Time is of the essence in these instructions. In the event that the conditions of this escrow transaction have not been complied with at the expiration of the time provided for herein, or any extension thereof, Escrow Holder is instructed to complete the same at the earliest possible date thereafter, unless written demand upon Escrow Holder to cancel this Escrow or for the return of the money and/or instruments deposited by one or more Parties. If the date by which the parties' performances are due shall be other than Escrow Holder's regular business day, such performances shall be due on Escrow Holder's next succeeding business day.
- 35. **ABANDONMENT OF ESCROW TRANSACTION:** Escrow Holder duties and functions related to this escrow transaction shall terminate six (6) months following the date last set for close of escrow unless the escrow transaction has closed or cancelled. At such time, Escrow Holder shall have no further obligations as Escrow Holder except to disburse funds and documents pursuant to written instructions and to interplead or otherwise dispose of funds and documents in accordance with a validly issued and validly served order from a court of competent jurisdiction.
- 36. **UNCASHED CHECKS:** In the event any check(s) issued through this escrow transaction or sub-escrow related hereto are uncashed or unnegotiated ("uncashed") Escrow Holder will make every effort to contact the payee and coordinate negotiation of the check(s). The Parties acknowledge that Escrow Holder incurs significant expense in tracking uncashed checks, canceling and reissuing checks, and maintaining bank and accounting records of such checks. Therefore, if re-issuance of the check is necessitated, Escrow Holder will require an instruction authorizing such re-issuance and is authorized to charge an additional services fee of twenty-five dollars (\$25.00) which will be deducted from the payee's reissued check(s).
- 37. **AUTHORIZATION TO INTERPLEAD FUNDS:** The Parties acknowledge that Escrow Holder has an absolute legal right to file a court action in interpleader. In the event such an action is filed, the Parties herein jointly and severally agree to pay all escrow fees, title fees, court costs, and litigation expenses, including attorney's fees, incurred in connection therewith, the amount thereof to be fixed and judgment to be reached by the court. Upon the filing of such action, Escrow Holder is fully released and discharged from any further performance of duties under the terms of this Escrow.
- 38. **RIGHT TO RESIGN:** At any time prior to the close of Escrow, Escrow Holder, as its sole and absolute discretion and without liability to the Parties to this escrow transaction, may withdraw and resign from acting as Escrow Holder providing ten (10) days prior written notice to the Parties at their last known addresses. In such event, Escrow Holder shall be entitled to reasonable compensation for its escrow services performed and for all costs and expenses incurred in the resignation, including, but not limited to, attorneys' fees. Upon resignation, Escrow Holder shall return to the Parties who deposited the same the balance of any funds it holds along with any property or documents in its possession. Alternatively, at the mutual instruction of the Parties, Escrow Holder shall deliver the funds, property, and documents to a new Escrow Holder.
- 39. **DESTRUCTION OF DOCUMENTS:** Escrow Holder is authorized to destroy or otherwise dispose of any and all documents, papers escrow instructions, correspondence and records or other material constituting or pertaining to this escrow at any time after five (5) years from the date of close of escrow, cancellation of this transaction, or the date of the last activity (whichever comes first), without liability and without further notice to the Parties.
- 40. **ESCHEATMENT:** Any and all funds remaining in escrow three (3) years after the close of escrow or cancellation of this escrow transaction will be escheated to the State of California pursuant to the Unclaimed Property Law codified in California Code of Civil Procedure Section 1518.
- 41. **PRIVACY NOTICE:** This notification is in compliance with our obligations to comply with federal and state law to safeguard the Parties' non-public personal information. Escrow Holder collects non-public personal information about the Parties from the following sources; a) Information Escrow Holder receives from the Parties on applications or other forms; b) Information about the Parties' transactions with Escrow Holder, Escrow Holder's affiliates, or others involved in the processing of the transaction; and c) Information Escrow Holder receives from a consumer reporting agency. Escrow Holder does not disclose any non-public personal information about customers or former customers to anyone, except as permitted by law. Escrow Holder restricts access to non-public information about the Parties to those employees who need to know that information to provide products or services to the Parties. Escrow Holder maintains physical, electronic and procedural safeguards that comply with federal and state regulations to guard the Parties' non-public personal information. By signing below, the undersigned Parties acknowledge that they have read and received a copy of this notification.
- 42. **PROHIBITION UPON GIVING LEGAL OR FINANCIAL ADVICE:** The Parties acknowledge and understand that Escrow Holder is not authorized to practice the law nor does Escrow Holder give financial advice. The Parties are advised to seek legal and financial counsel and advice concerning the effect of this escrow transaction. The Parties acknowledge that no representations have been made by Escrow Holder about the legal sufficiency, legal consequences, financial effects, or tax consequences of the within escrow transaction.

SELLER(S):

Fuzion Meet Eat Play, LLC
a California limited liability company

By: _____
Print Name & Title:

BUYER(S):

RNB Tustin, LLC
a California limited liability company

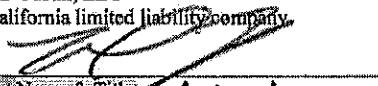
By: 
Print Name & Title: Michael Zislis, Co-Chairman

Exhibit F

FINDER'S FEE AGREEMENT

Re: Federal Escrow, Inc., Escrow No. 69533-SS

Date: February 21, 2018

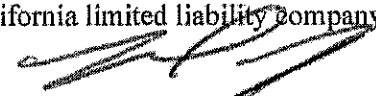
In addition to the purchase price of \$ 65,000.00, as set forth in the Escrow Instructions prepared by Federal Escrow, Inc., the undersigned Buyer does acknowledge and agree to pay, upon execution by Buyer and Seller of the subject escrow, a Finder's Fee in the total amount of \$ 6,500.00 to Liquor License Network, for alcoholic beverage license finder services now rendered and completed in connection with said escrow. Escrow Holder is authorized and instructed to pay said Finder's Fee as provided for herein, upon the opening of escrow, with no further authorization on the part of Buyer required.

The undersigned Buyer does acknowledge that Federal Escrow, Inc. is an Independent Escrow Company with no affiliation to Liquor License Network or its subsidiaries. Furthermore, the undersigned Buyer does acknowledge and agree that this Finder's Fee Agreement is an agreement between Liquor License Network and Buyer, and Federal Escrow, Inc. is not a Party to this Finder's Fee Agreement whatsoever. The undersigned Buyer does release Federal Escrow, Inc., its officers, and representatives from any and all liability in connection with the payment of the Finder's Fee pursuant to the provisions of this Finder's Fee Agreement.

Read, understood and approved:

BUYER(S):

RNB Tustin, LLC
a California limited liability company

By: 
Print Name & Title: Michael Zisler, Co-Chairman