

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

In re:

Rojo One, LLC<sup>1</sup>,  
Debtor.

Case No. 16-54348-mlo  
Chapter 11  
Hon. Maria L. Oxholm

---

**DEBTORS' MOTION FOR ORDER AUTHORIZING THE SALE OF SUBSTANTIALLY ALL OF THE ASSETS OF THE DEBTOR FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES**

Rojo Two, LLC ("Debtor"), pursuant to 11 U.S.C. § 363(c)(2), Fed. R. Bankr. P. 4001(b), and Bankruptcy Rule 4001-2, hereby requests that this Court, in the above-captioned bankruptcy case, pursuant to sections 105, 363 and 365 of chapter 11 of Title 11 of the United States Code ("Sale Motion"), 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code"), Rules 2002, 6004 and 6006 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rules 6004-1 and 9014-1 of the Local Bankruptcy Rules for the United States Bankruptcy Court for the Eastern District of Michigan (the "Local Rules"), for the entry of an order (a) authorizing the Debtor to effectuate and close the transaction contemplated by a Letter of Intent to Purchase dated January 19, 2017, (the "Agreement") with an entity to be formed, managed by Mr. Scot Pelc ("Purchaser") See Attached Exhibit A, (b) authorizing the sale of substantially all of the Debtor's assets (the "Sale") by private sale, free and clear of all liens, claims, interests and other encumbrances, © for related relief.

---

<sup>1</sup> An Order has been entered in this case directing the procedural consolidation and joint administration of the chapter 11 cases of Rojo One, LLC Case No. 16-54348-mlo, Rojo Two LLC Case No 16-54349-mlo, Rojo Four, LLC Case No. 16-54350-mlo, Rojo Five LLC, Case No. 16-54352-mlo, and Rojo Six, LLC Case No. 16-54353-mlo. The docket in Case No. 16-54348-mlo should be consulted for all matters affecting this case.

The assets to be purchased by the Purchaser pursuant to the letter of intent are referred to in this Sale Motion as the "Property".

Except for those liabilities of the Debtor expressly assumed by Purchaser pursuant to the Sale, the Property will be transferred and conveyed to the Purchaser free and clear of all liens, claims, interests and other Encumbrances, and all liens, claims, interests and other Encumbrances shall attach to the proceeds of the Sale to the same extent, and with the same priority and validity, that existed on the Petition Date (as defined below).

The Purchaser has agreed to pay \$140,000.00 plus lease arrears of \$12,860.64 and past due water bill of \$7,974.07. Accordingly, in support of this motion (the "Sale Motion"), the Debtor submits as follows:

#### **JURISDICTION AND VENUE**

1. This Court has jurisdiction over this Sale Motion pursuant to 28 U.S.C. §§ 1334 and 157.
2. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (new) and (O). Venue in this district is proper pursuant to 28 U.S.C. § 1409(a).
3. The statutory predicates for the relief sought in this Sale Motion are sections 105, 363 and 365 of the Bankruptcy Code, Federal Rule of Bankruptcy Procedure 2002, 6004 and 6006 and Local Rules 6004-1 and 9014-1.

#### **BACKGROUND**

4. On October 20, 2016 ("Petition Date"), the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code (the "Case"). The Debtors' principal place of business assets are located in Rochester, Michigan; Novi, Michigan; Sterling Heights, MI; and Birmingham, MI. The Debtors now have possession of their assets

and plan to manage the affairs of their estate as a debtor in possession in accordance with 11 U.S.C. §§ 1107 and 1108. The Debtors have all of the rights and powers of a trustee in bankruptcy pursuant to 11 U.S.C. § 1107(a).

5. Debtor Rojo One, LLC conducts business out of Novi, Michigan as Duel Novi and operates as a dueling piano bar.

6. Debtor Rojo Two, LLC conducts business out of Rochester, Michigan as Rojo Mexican Bistro and operates as a restaurant.

7. Debtor Rojo Four, LLC conducts business out of Sterling Heights, Michigan as Rojo Mexican Bistro and operates as a restaurant.

8. Debtor Rojo Five, LLC conducts business out of Birmingham, Michigan as Rojo Mexican Bistro and Sidecar Slider Bar and operates as two (2) restaurants.

9. Debtor Rojo Six, LLC conducts business out of Novi, Michigan as Rojo Mexican Bistro and Michigan Beer Company and operates as two (2) restaurants.

#### **THE PROPOSED SALE**

10. Subject to the approval of the Bankruptcy Court the Debtor entered into an agreement with Purchaser.

##### **A. The Purchase Price And The Property to be Purchased**

11. The purchase price for the Property is \$140,000.00 plus certain cure costs associated with the Debtor's assumption and assignment (the "Purchase Price"). The Purchase Price is subject to increase or decrease on account of certain prorations and adjustments customarily prorated between a purchaser and a seller of similar assets. The Purchaser has made a good faith deposit in the amount of \$5,000.00 which will be credited to the Purchase Price at Closing.

12. Except for certain cost to be paid by Purchaser pursuant to the Agreement certain other costs to be paid by the Purchaser, the Agreement requires that the Debtor deliver the Property to Purchaser free and clear of all liens, claims, interests and Encumbrances pursuant to sections 363 and 365 of the Bankruptcy Code.

**B. Conditions to Closing**

13. The consummation of the proposed Sale to Purchaser is conditioned, among other things set forth the entry of an order ("Sale Order") approving the sale by the Bankruptcy Court; assignment of the existing lease to the Purchaser.

**C. Purchaser's Ability to Consummate the Sale**

14. The Purchaser's obligations under the letter of intent are not subject to any financing contingency. The Debtor believes that the Purchaser will be able to consummate the Sale.

15. The Agreement is the product of arm's length negotiations between the Debtor and the Purchaser. The Debtor believes that the Purchaser is a good faith purchaser for all purposes under section 363(m) of the Bankruptcy Code.

16. The Property will be sold free and clear of all liens, claims, interests and other Encumbrances, with all such liens, claims, interests and other encumbrances attaching to the proceeds of the Sale.

**D. Marketing Efforts**

17. Since July 2016, Thomas Hospitality Group was engaged by the Rojo ownership to quietly market the five (5) existing restaurants.

18. The initial engagement efforts were focused on making contact with potential buyers without the marketplace and the customer base becoming aware of the marketing activity. Generally, when the public becomes aware of a potential sale there

is a drop off in patronage. On a parallel note, when the staff of the restaurants become aware of a potential sale, the uncertainty leads them to look for work elsewhere as a reaction to not knowing who they might be working for if a sale occurs.

19. In February 2015, Thomas Hospitality Group successfully assisted management in selling the Rojo Three, LLC location in St Clair Shores. Thomas Hospitality Group was familiar with the concept and had an understanding of who in the marketplace to purchase the remaining locations. Thomas Hospitality group made direct phone calls to restaurant operators who may have had an interest in the subject locations.

20. Thomas Hospitality Group wrote Letters of Intent on the Lakeside (Rojo Four), Novi (Rojo One), and Rochester (Rojo Two) locations. Unfortunately, none of them resulted in a sale of the property. It has been a buyers' market for the last two years and that pressure had candidates engaging on several properties to see where they could get the best deal.

21. Thomas Hospitality Group's marketing efforts have focused on the presentation of each of the restaurant sites on its website. Thomas Hospitality Group then fields calls from people who have visited its site; execute a confidentiality agreement; and discussed their operational needs and locations of interest.

22. Parallel to the marketing done through the Thomas Hospitality Group website, advertisements are placed on Loopnet (the commercial "MLS") and on BizBuySell, a website that focuses on businesses for sale that may not have a real estate component, and advertisements are placed in the Detroit News (and their internet component).

23. All of the media advertising efforts supplement the phone calls that the agents of Thomas Hospitality Group make to people in the industry. Thomas Hospitality Group specializes in restaurants, bars and nightclubs, and its employees are specifically experienced in this industry and have personal contacts with the key players in the hospitality industry.

24. Thomas Hospitality Group performed a valuation report of the Debtor. The values are summarized in Exhibit B. The values as determined by Thomas Hospitality Group range from \$77,000 to \$115,000 dependant on the type of sale.

**E. Authority to Sell the Property**

25. The Debtor requests authority to sell the Property and sections 105 and 363(b) of the Bankruptcy Code. The Bankruptcy Code requires court approval for the use, sale or lease of a debtor's assets outside the ordinary course of business. See 11 U.S.C. § 363. In pertinent part, section 363(b)(1) provides that a "trustee, after notice and a hearing, may use, sell, or lease other than in the ordinary course of business, property of the estate." 11 U.S.C. §363(b)(1).

26. Courts have approved a sale of a debtor's assets if the proposed transaction represents a reasonable business judgment on the part of the debtor. See *In re Martin*, 91 F.3d 389, 396 (3d Cir. 1996); *In re Lionel Corp.*, 722 F.2d 1063, 1070 (2d Cir. 1983); see also *Stephens Indus. v. McClung*, 789 F.2d 386, 390 (6th Cir. 1986); *In re Thomas McKinnon Securities, Inc.*, 120 B.R. 301 (Bankr. S.D.N.Y. 1990).

27. Courts typically consider the following factors in determining whether a proposed sale satisfies this standard: (a) whether a sound business justification exists for the sale; (b) whether adequate and reasonable notice of the sale was given to interested parties; (c) whether the sale will produce a fair and reasonable price for the property; and (d) whether the parties have acted in good faith. See *In re Delaware &*

*Hudson Ry.*, 124 B.R. 169, 176 (D. Del. 1991). A “debtor’s business decision ‘should be approved by the court unless it is shown to be ‘so manifestly unreasonable that it could not be based upon sound business judgment, but only on bad faith, or whim or caprice.’” *In re Aerovox, Inc.*, 269 B.R. 74, 80 (Bankr. D. Mass. 2001) (Feeney, J.) (quoting *In re Logical Software*, 66 B.R. 683, 686 (Bankr. D. Mass. 1986); see also *Committee of Asbestos-Related Litigants and/or Creditors v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986) (same); *In re Quality Stores, Inc.*, 272 B.R. 643, 647 (Bankr. W.D. Mich. 2002) (noting the “wide business discretion” afforded to debtors selling assets under section 363).

28. The Debtor has concluded, in its business judgment, that the Sale of the Property to the Purchaser will result in the highest and best value for the Property, and that the sale of the Property is in the best interests of the Debtor, the Debtor’s estate, and its creditors; therefore approval of the Sale and the Agreement is warranted. See *In re Martin*, 91 F.3d at 396; *In re Lionel Corp.*, 722 F.2d at 1070.

29. Further, pursuant to section 363(f) of the Bankruptcy Code, the Debtor requests the authority to sell the Property free and clear of all liens, claims, interests and other Encumbrances. All liens, claims, interests and other Encumbrances in and against the Property will attach to the proceeds from the Sale to the same extent, priority and validity that existed on the Petition Date.

30. Section 363(f) of the Bankruptcy Code authorizes the sale of assets free and clear of liens, claims, interests and encumbrances if:

applicable non-bankruptcy law permits sale of such property free and clear of such interests;

- (a) such entity consents;
- (b) such interest is a lien and the price at which such property is to be sold is greater than the value of all liens on such property;
- (c) such interest is in *bona fide* dispute; or
- (d) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f).

31. This provision is supplemented by section 105(a) of the Bankruptcy Code, which provides that “[t]he Court may issue any order, process or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code].” 11 U.S.C. § 105(a).

32. Because section 363(f) of the Bankruptcy Code is drafted in the disjunctive, satisfaction of any one of its five requirements will suffice to permit the sale of the Property “free and clear” of liens and interests. *Michigan Employment Sec. Comm’n v. Wolverine Radio Co. (In re Wolverine Radio Co.)*, 930 F.2d 1132, 1147 n.24 (6th Cir. 1991) (holding that the court may approve the sale “free and clear” provided at least one of the subsections of Bankruptcy Code section 363(f) is met); *In re Dundee Equity Corp.*, 1992 Bankr. LEXIS 436, at \*12 (Bankr. S.D. N.Y. March 6, 1992) (same).

33. Here, the Debtor will demonstrate at the Sale Hearing (to the extent necessary) that one or more of the tests of section 363(f) are satisfied with respect to the Sale. In the first instance, the Debtor has no reason to believe that holders of liens, claims, interests and Encumbrances would not consent to the terms of the Sale pursuant to section 363(f)(2) of the Bankruptcy Code.



34. In addition, the Debtor believes that all such holders could be compelled to accept a money satisfaction of their interests in legal or equitable proceedings in accordance with section 363(f)(5) of the Bankruptcy Code, to the extent that such interests are sought to be discharged in the Sale Order. This is true even where, as here, the Purchase Price for the Property, although unquestionably fair, is nonetheless smaller than the amount of all liens against the Property. Pursuant to the cram down provisions of the Bankruptcy Code, section 1129(b)(2), holders of liens on collateral may be compelled to accept the value of the collateral, in satisfaction of their liens, even though that value may be less than the liens on the collateral. Section 1129(b)(2) constitutes the "legal or equitable" proceeding under which lien holders could be compelled to accept a money satisfaction of their interest. See *In re Terrace Chalet Apartments, Ltd.*, 159 B.R. 821,829 (N.D. Ill. 1993) ("By its express terms, Section 363(f)(5) permits lien extinguishment if the trustee can demonstrate the existence of another legal mechanism by which a lien could be extinguished without full satisfaction of the secured debt. Section 1129(b)(2) cram down is such a provision."); *In re Grand Slam U.S.A.*, 178 B.R. 460, 462 (Bankr. E.D. Mich. 1995) ("A typical legal proceeding which compels a creditor to receive less than full money satisfaction is a procedure, commonly known as 'cram down,' that is applicable to Chapter 11 cases."); *In re Healthco Int'l, Inc.*, 174 B.R. 174, 176 (Bankr. D. Mass. 1994) (A cram down proceeding "complies with the description of proceedings referred to in subparagraph [363](f)(5), and many courts have held so.").

35. Based upon the foregoing, the Debtor submits that the Sale, free and clear of liens, claims, interests and Encumbrances, should be approved by the Bankruptcy Court in accordance with section 363(f) of the Bankruptcy Code.

36. The Debtor requests that the Bankruptcy Court waive the fourteen (14) day stay provision of Federal Rule of Bankruptcy Procedure 6004(g).

GOLDSTEIN, BERSHAD, & FRIED, P.C.

By: /s/ Aaron J. Scheinfield  
Aaron J. Scheinfield (P67495)  
Scott M. Kwiatkowski (P67871)  
Attorneys for Debtors  
4000 Town Center, Suite 1200  
Southfield, Michigan 48075  
(248) 355-5300  
[aaron@bk-lawyer.net](mailto:aaron@bk-lawyer.net)  
[scott@bk-lawyer.net](mailto:scott@bk-lawyer.net)

Dated: February 1, 2017

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

In re:  
Rojo One, LLC,  
Debtor.

Case No. 16-54348-mlo  
Chapter 11  
Hon. Maria L. Oxholm

---

**ORDER APPROVING SALE OF SUBSTANTIALLY ALL OF DEBTOR'S ASSETS  
FREE AND CLEAR OF LIENS, CLAIMS, AND ENCUMBRANCES**

This matter having come before the Court upon the Debtor-In-Possession, Rojo Two, LLC's, Motion for Approval of Sale of Substantially all of the Debtor's Assets Free and Clear of Liens, Claims and Encumbrances.

**THE COURT FINDS THAT:**

This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§157 and 1334. This matter is a core proceeding withing the meaning of 28 U.S.C. §157(b)(2)(A). Venue is proper pursuant to 28 U.S.C. §§1408 and 1409. The statutory bases for the relief requested are §§105(a) , 363 and 1129 of the United States Bankruptcy Code, 11 U.S.C. §101 et seq. ("Bankruptcy Code") and Fed. R. Bankr. P. 2002 and 6004. This is a "final" order within the meaning of 28 U.S.C. §158(a). To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such.

Capitalized terms no otherwise defined herein shall have those meanings ascribed to them in the Motion.

The Debtor has conducted a thorough search for financing and investors, and having found none, negotiated with a potential purchaser for the sale of its assets.

The sale of the assets is the only alternative to cessation of the business and liquidation and the resulting additional job losses, employee claims and unpaid creditors. The sale is necessary, and is in the best interest of the Debtor, its creditors and the estate.

Adequate and proper notice for request of the relief granted herein was given and no further notice is necessary.

The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Fed. R. Bankr. P 7052, made applicable to this proceeding pursuant to Fed.R. Bankr. 9014.

## **SOUND BUSINESS PURPOSE**

The Debtor seeks to sell, assign, transfer and convey the Property to the Purchaser, and the Purchaser seeks to purchase and acquire the Property from the Debtor, pursuant to this Sale Order.

The Debtor has demonstrated, and the Agreement and the relief requested in the Sale Motion reflects, both (1) good, sufficient, and sound business purposes and justifications for the Sale, and (2) compelling circumstances for the Sale outside of the ordinary course of the Debtor's business pursuant to section 363(b) of the Bankruptcy Code, the value obtained as a result of the Sale will result in a prompt and substantial reduction of the Debtor's secured indebtedness. Accordingly, time is of the essence in consummating the Sale.

The consummation of the Sale pursuant to the Agreement neither impermissibly restructures the rights of the Debtor's creditors nor impermissibly dictates the terms of a plan of reorganization. The Sale does not constitute a sub rosa or de facto plan of reorganization.

The Agreement was not entered into, and neither the Debtor nor the Purchaser has entered into the Agreement, or propose to consummate the Sale, for the purpose of hindering, delaying, or defrauding the Debtor's creditors.

Neither the Debtor nor the Purchaser has entered into the Agreement or proposes to consummate the Sale fraudulently for the purpose of statutory and common law fraudulent conveyance or fraudulent transfer claims, whether under the Bankruptcy Code or under the laws of the United States, any state, territory or possession thereof, the District of Columbia, or any other applicable jurisdiction with laws substantially similar to the foregoing.

## **HIGHEST AND BEST OFFERS**

The sale process undertaken by the Debtor provided a full, fair, and reasonable opportunity for any person or entity to make an offer to purchase the Property.

As demonstrated by the testimony and/or other evidence proffered or adduced at the Sale Hearing (1) the Debtor has actively adequately marketed the Property for sale; (2) the purchase price contained in the Agreement constitutes the highest and otherwise best offer for the Property; (3) the Sale will provide a greater recovery for the Debtor's estate and creditors than would be provided by any other practical available alternative including, without limitation, liquidation under chapter 7 or chapter 11 of the Bankruptcy Code; (4) a private sale of the Property pursuant to the Sale, as opposed to a public sale, is in the best interests of the Debtor's estate and its creditors because it will result in a significant reduction of the Debtor's indebtedness to its primary secured creditor; (5) no other party has offered to purchase the Property for greater economic value to the Debtor or its estate; and (6) the Agreement and the consideration to be paid by the Purchaser under the Agreement constitutes reasonably equivalent value and fair consideration (as those terms are defined in each of the Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act and section 548 of the Bankruptcy Code) under the Bankruptcy Code and under the laws of the United States, any state, territory

or possession thereof, and the District of Columbia.

The Debtor's determination that the Agreement constitutes the highest and best offer for the Property reasonable, valid, and sound exercise of the Debtor's business judgment.

### **BEST INTEREST OF CREDITORS**

Approval of the Agreement and the consummation of the Sale at this time are in the best interests of the Debtor, its creditors, the estate and other parties in interest.

### **GOOD FAITH**

The Purchaser is not an "insider" of the Debtor, as that term is defined by section 101(31) of the Bankruptcy Code.

The Agreement and each of the transactions contemplated therein were negotiated, proposed, and entered into by the Debtor and the Purchaser in good faith and from arm's-length bargaining positions. The Purchaser has proceeded in good faith in all respects in connection with this proceeding and the Sale, is a "good faith purchaser" within the meaning of section 363(m) of the Bankruptcy Code and, as such, is entitled to all the protections afforded by section 363(m) of the Bankruptcy Code. Neither the Debtor nor the Purchaser have engaged in any conduct that would cause or permit the Agreement to be avoided; that would tend to hinder or delay creditors; or impose costs and damages under section 363(n) of the Bankruptcy Code.

### **SECTION 363(F) REQUIREMENTS MET FOR FREE AND CLEAR SALE**

The Debtor may sell the Property to the Purchaser free and clear of all liens, claims, interests and encumbrances of every kind and nature whatsoever (collectively, Claims") because, in each case, one or more of the standards set forth in section 363(f)(1)-(5) of the Bankruptcy Code have been satisfied. The holders of Claims who did not object, or who withdrew their objections, to the Sale or the Sale Motion are deemed to have consented pursuant to section 363(f)(2) of the Bankruptcy Code. Those holders of Claims who did object fall within one or more of the other subsections of section 363(f) of the Bankruptcy Code and are adequately protected by having their Claims, if any, attach to the proceeds of the Sale ultimately attributable to the property against which they have a Claim, in the same order of priority and with the same validity, force and effect that such creditor had prior to the Sale, subject to any defenses of the Debtor.

The Debtor is the sole and lawful owner of the Property and no other person has any ownership right, title, or interest therein.

All holders of Claims are adequately protected, and the Sale thus satisfies section 363(e) of the Bankruptcy Code, by having their Claims, if any, attach to the proceeds of the Sale ultimately attributable to the property against which they have a Claim, in the same order of priority and with the same validity, force, and effect that such Claim-holder had prior to the Sale, subject to any rights, claims, and defenses of the Debtor and its estate.

The Purchaser would not have entered into the Agreement and would not consummate the transactions contemplated thereby, thus adversely affecting the Debtor, its estate and its creditors, if the sale of the Property were not free and clear of all Claims or if the Purchaser would, or in the future could, be liable for any such Claims.

The Sale shall not impose or result in the imposition of any liability or responsibility of the Purchaser or its affiliates, successors or assigns or any of their assets (including, without limitation, the Property), and the transfer of the Property to the Purchaser does not and will not subject the Purchaser or its affiliates, successors or assigns or any of their assets (including, without limitation, the Property), to any liability for any Claims including, without limitation, successor liability or any products liability.

## **VALIDITY OF THE TRANSFER**

As of the closing of the Sale (the "Closing"), the transfer of the Property to the Purchaser will be a legal, valid, and effective transfer of the Property, and will vest the Purchaser with all right, title and interest of the Debtor in and to the Property, free and clear of (1) all Claims and (2) all debts arising under or out of, in connection with, or in any way relating to, any acts of the Debtor, claims (as defined in section 101(5) of the Bankruptcy Code), rights or causes of action (whether in law or in equity, including, but not limited to, any rights or causes of action based on theories of transferee or successor liability under any law, statute, rule or regulation of the United States, any state, territory, or possession thereof or the District of Columbia), obligations, demands, guaranties, rights, contractual commitments, restrictions, interests and matters of any kind or nature whatsoever, whether arising prior to or subsequent to the commencement of this case, and whether imposed by agreement, understanding, law, equity or otherwise.

The Debtor (1) has full limited liability company power and authority to execute the Agreement and all other documents contemplated thereby, and the Sale has been duly and validly authorized by all necessary limited liability company action of the Debtor, (2) has all of the limited liability company power and authority necessary to consummate the transactions contemplated by the Agreement, (3) has taken all actions necessary to authorize and approve the Agreement and the consummation by the Debtor of the transactions contemplated thereby, and (4) no consents or approvals, other than those expressly provided for in the Agreement, are required for the Debtor to consummate such transactions.

**NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:**

### GENERAL PROVISIONS

1. The Sale Motion is granted in all respects and the Sale is approved as set forth in this Sale Order.
2. The findings of fact set forth above and conclusions of law stated herein shall constitute this Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any finding of fact later shall be determined to be a conclusion of law, it shall be so deemed, and to the extent any conclusion of law later shall be determined to be a

finding of fact, it shall be so deemed.

3. Any of the objections, that have not been withdrawn, waived or settled as announced to the Court at the Sale Hearing or by stipulation filed with the Court, and all reservations of rights included therein, are hereby fully overruled on the merits, except as expressly provided herein.

#### APPROVAL OF THE AGREEMENT AND THE SALE TRANSACTION

4. The Agreement, all transactions contemplated therein, and all of the terms and conditions thereof, are hereby approved in all respects.

5. Pursuant to sections 105, 363 and 365 of the Bankruptcy Code, the Debtor is authorized to perform its obligations under and comply with each of the terms of the Agreement and consummate the Sale pursuant to and in accordance with the terms and conditions of the Agreement and this Sale Order.

6. The Debtor, as well as its affiliates, officers, employees and agents, are authorized and directed to execute and deliver, and empowered to perform under, consummate and implement, the Agreement, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Agreement and to take all further actions as may be (a) reasonably requested by the Purchaser for the purpose of assigning, transferring, granting, conveying and conferring to the Purchaser, or reducing to the Purchaser's possession, the Property (b) necessary or appropriate to the performance of the obligations contemplated by the Agreement, and © as may be reasonably requested by the Purchaser to implement the Agreement and consummate the Sale in accordance with the terms thereof, all without further order of the Court.

7. This Sale Order and the Agreement shall be binding in all respects upon the Purchaser, the Debtor and its affiliates, any trustee appointed in the Debtor's Bankruptcy Case (whether under chapter 7 or chapter 11 of the Bankruptcy Code), all creditors (both known and unknown) of the Debtor, all interested parties and their successors and assigns, including, but not limited to, any person or entity asserting a Claim against the Debtor, the Property.

8. Nothing contained in any chapter 11 plan confirmed in this Bankruptcy Case, or any order confirming any such chapter 11 plan, or any order entered in any subsequent case under chapter 7 of the Bankruptcy Code with respect to the Debtor, shall conflict with or derogate from the provisions of the Agreement and this Sale Order, and to the extent of any conflict or derogation between the Agreement and this Sale Order and any such plans or orders, the terms of the Agreement and this Sale Order shall govern and control in all respects.

## TRANSFER OF DEBTOR'S PROPERTY

9. Pursuant to sections 105(a) and 363(f) of the Bankruptcy Code, the Debtor is authorized to transfer the Property to the Purchaser in accordance with the terms of the Agreement. The Property shall be transferred to the Purchaser, and upon consummation of the Agreement, such transfer shall (a) be valid, legal, binding and effective; (b) vest the Purchaser with all right, title, and interest of the Debtor in and to the Property; and (c) be free and clear of all Claims, with all Claims to attach to the net proceeds of the Sale in the order of their priority, and with the same validity, force and effect, which they now have against the Property, subject to any claims and defenses the Debtor may possess with respect thereto.

10. Except as otherwise provided in the Agreement, all persons and entities (and their respective successors and assigns), including, but not limited to, all debt security holders, equity security holders, governmental, tax and regulatory authorities, lenders, and trade and other creditors, holding Claims (whether legal or equitable, secured or unsecured, matured or unmatured, contingent or non-contingent, senior or subordinated) arising under or out of, in connection with, or in any way relating to, the Debtor, Property, the operation of the Debtor's business prior to Closing, or the transfer of the Property are hereby forever barred, estopped, and permanently enjoined from asserting such Claims against the Purchaser, its successors or assigns, its property or the Property. No such persons or entities shall assert against the Purchaser or its successors in interest any liability, debt, claim, or obligation arising from, related to, or in connection with the ownership or operation of the Property prior to the Closing.

11. This Sale Order (a) is effective as a determination that, as of Closing, all Claims relating to the Property have been unconditionally released, discharged, and terminated, and that the transfers, assignments, and conveyances described herein have been effected, and (b) is and shall be binding upon and govern the acts of all entities, including, without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal and local officials and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any lease; and each of the foregoing persons and entities is hereby directed to accept for filing any and all of the documents and instruments necessary and appropriate to consummate the transactions contemplated by the Agreement.

13. If any person or entity that has filed financing statements, mortgages, mechanic's liens, construction liens, other liens, lis pendens, or other documents or agreements evidencing Claims against or in the Debtor or the Property shall not have delivered to the Debtor, prior to the Closing, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of all Claims and interests which such person or entity asserts or has with respect to the Debtor or the Property or otherwise, then only with regard to Property and the that are purchased by the Purchaser pursuant to the Sale Order, (a) the Debtor and the Purchaser are hereby authorized and directed to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to the Property, and (b)



the Purchaser is hereby authorized to file, register or otherwise record a certified copy of this Sale Order, which, once filed, registered or otherwise recorded, shall constitute conclusive evidence of the release of all Claims against the Property . This Sale Order is deemed to be in recordable form sufficient to be placed in the filing or recording system of each and every federal, state and local government agency, department or office.

14. The Purchaser is hereby authorized to execute and deliver such other documents, statements, instruments and notices which may be necessary or desirable to fully consummate the Agreement and the Sale.

15. All persons or entities in actual or constructive possession of some or all of the Property are directed to surrender possession of the same to the Purchaser or its designee at the time of Closing of the Sale.

16. Following the Closing, no holder of any Claims shall interfere with the Purchaser's title to or use and enjoyment of the Property based on or related to any such Claims, or based on any actions the Debtor has taken or may take in this Bankruptcy Case.

17. All persons and entities are prohibited and enjoined from taking any action to adversely affect or interfere with the ability of the Debtor to transfer the Property and the to the Purchaser in accordance to this Sale Order.

18. To the extent provided by section 525 of the Bankruptcy Code, no governmental unit may revoke or suspend any permit or license relating to the operation of the Property sold, transferred and conveyed to the Purchaser on account of the filing or pendency of this Bankruptcy Case or the consummation of the Sale.

19. The Purchaser and its successors or assigns shall not be liable for any liability, claim (as that term is defined in section 101(5) of the Bankruptcy Code), damages or other obligation of or against the Debtor related to the Property by reason of the transfer of the Property to the Purchaser, or otherwise. The Purchaser shall not be deemed, as a result of any action taken in connection with the purchase of the Property, to: (a) be a legal successor, or otherwise be deemed a successor to the Debtor; (b) have, de facto or otherwise, merged with or into the Debtor; (c) be a mere continuation or substantial continuation of the Debtor or the enterprise of the Debtor; or (d) have any liability whatsoever under any theory of, without limitation, environmental, labor and employment, products or antitrust liability, whether known or unknown at the Closing, now existing or hereafter arising, asserted or unasserted, fixed or contingent, liquidated or unliquidated.

20. Effective upon the Closing, all persons and entities are forever prohibited and enjoined from commencing or continuing any action or proceeding, at law or in equity, against the Purchaser, its affiliates, successors and assigns, or the Property, with respect to any (a) Claim or (b) successor liability of the Purchaser for the Debtor.

21. While the Debtor's Bankruptcy Case, or any subsequent chapter 7 bankruptcy case of the Debtor, is pending, this Court shall retain jurisdiction to, among other things, interpret, enforce and implement the terms and provisions of this Sale Order and to adjudicate disputes related to this Sale Order.

22. The transactions contemplated by the Purchaser are good faith, as that term is used in section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the Sale Transaction shall not affect the validity of the Sale Transaction to the Purchaser unless such authorization is duly stayed pending such appeal.

23. The terms and provisions of the Sale Order shall be binding in all respects upon, and shall inure to the benefit of, the Debtor, its estate and its creditors, the Purchaser, and their respective affiliates, successors and assigns, and any affected third parties including, but not limited to, all persons asserting claims in the Property to be sold to the Purchaser pursuant to the Agreement, notwithstanding any subsequent appointment of any trustee, examiner or receiver under any chapter of the Bankruptcy Code or any other law, and all such provisions and terms shall likewise be binding on such trustee (whether under chapter 7 or chapter 11 of the Bankruptcy Code), examiner or receiver and shall not be subject to rejection or avoidance by the Debtor, its estate, its creditors, its shareholders or any trustee, examiner or receiver.

24. That any related documents or other instruments, may be modified, amended or supplemented by the parties thereto, in a writing signed by both parties, and in accordance with the terms thereof, without further order of the Court, provided that any such modification, amendment or supplement does not materially change the terms of the Sale.

25. As provided by Rules 6004(h) and 6006(d) of the Federal Rules of Bankruptcy Procedure, this Sale Order shall not be stayed for 14 days after the entry of the Sale Order and shall be effective immediately upon entry, and the Debtor and the Purchaser are authorized to close the Sale immediately upon entry of this Sale Order.

# EXHIBIT A

January 19, 2017

Mr. Michael Scheid  
Thomas Hospitality Group, Inc.  
2581 McClintock Road  
Bloomfield Hills, Michigan 48302

**RE: Asset Purchase; Rojo Two, LLC d/b/a Rojo Mexican Bistro  
401 N Main Street, Rochester MI 48307**

Dear Mr. Scheid:

On behalf of **AN ENTITY TO BE FORMED** ("Buyer"), I respectfully submit this proposal to acquire the MLCC Class C Resort liquor license (205703-2016) and SDM License (205704-2016), furniture, fixtures, equipment and other assets for the above referenced business, from **Rojo Two, LLC**. ("Seller"). This correspondence should not be construed as a legally binding obligation (except for the confidentiality provisions contained on page 2 which are intended to be binding), but rather as a letter of intent to purchase on the terms and conditions under which the Buyer may purchase such assets.

The terms of the proposed purchase are as follows:

1. **Price:** One Hundred Forty Thousand (\$140,000.00) Dollars. In addition, Buyer will pay lease arrears of \$12,860.64 and past due water bill of \$7,974.07.  
Terms: Cash; subject too approval from the Bankruptcy Court; Case No. 16-54349-tjt; the Honorable Maria L. Oxholm presiding
2. **Conditions:**
  - a. Buyer's attorney will prepare a formal purchase agreement within Fifteen (15) days after Court Approval of this Letter of Intent and completion of Landlord/Lease discussion;
  - b. A schedule of existing assets to be sold is attached to this Letter of Intent;
  - c. Seller will provide contact information and introduction to the Landlord after counter-signing the purchase agreement and receipt of the earnest money deposit. All communications with the Landlord shall be kept confidential;
  - d. Any subsequent offer to purchase will be contingent upon the assignment of the existing lease to the Buyer / Tenant;
  - e. Buyer knows of no reason that the Michigan Liquor Control Commission would not approve the transfer of the Class C license to the Buyer;
  - f. Any purchase agreement subsequently entered into will be contingent upon approval of the transfer of the MLCC liquor licenses;

Rojo Two, LLC d/b/a Rojo Mexican Bistro Letter of Intent

1

- g. Specifically excluded from the proposed sale are leased items specific to the dueling pianos operation including the pianos, monitors, speakers and amplifiers located in the center of the dining room;
- h. Buyer shall deposit in the Thomas Hospitality Group Client Escrow account five thousand (\$5,000.00) dollars upon counter execution of this letter of intent. Said earnest money deposit will be applied to the purchase price in this transaction upon closing. In the event that the transaction contemplated herein does not conclude in a sale, the earnest money deposit will be promptly returned to the Buyer upon written confirmation of the termination of the transaction.

It is understood and agreed that this writing is offered as a summary and is a non-binding offer. Neither Landlord, Seller, nor Buyer shall have any obligations to the other unless and until: (1) a mutually acceptable purchase agreement is executed by Seller and Buyer; (2) an assignment of the existing Lease for the subject real property is completed, and (3) approval from the Bankruptcy Court for the proposed sale is ordered. Seller and Buyer acknowledge that this letter of intent is executed by their respective authorized representatives, which representatives shall have no personal liability or responsibility in connection with the execution and delivery of this letter of intent for the transactions contemplated herein.

Seller acknowledges and agrees that Buyer needs access to the property and the assets to conduct necessary examinations and evaluations as to the nature, condition and suitability of the property and assets. Seller agrees to provide such access to Buyer at all reasonable times and provide Buyer with such other informational records and documents (including the existing lease for the property) as reasonably requested by Buyer.

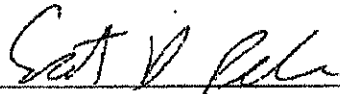
Buyer agrees that the existence of this letter of intent, its contents, previous discussions between the parties regarding the possibility of the purchase and lease transactions and subsequent negotiations pursuant to this letter of intent shall not be disclosed by any unrelated third party except to those officers, employees, directors, attorneys, accountants, brokers and financial advisors assisting the parties in connection with such transactions, and except for necessary disclosures to the landlord of the existence of the transactions and the request for assignment of the existing lease. Except for the obligation of confidentiality required by this letter of intent, the parties shall only have those obligations set forth in the purchase agreement. No party shall have any obligation or liability based upon or arising under this letter of intent to any other party by reason of the fact that a purchase agreement is not prepared, authorized, executed or delivered.

If the terms of this proposal are acceptable, please have the Seller acknowledge its acceptance in the space provided below, return this letter of intent to me, and I will prepare a formal purchase agreement incorporating the terms outlined above.

We look forward to working with you. If you wish to proceed further on the above terms, please acknowledge their approval by signing this letter and returning one copy to me.

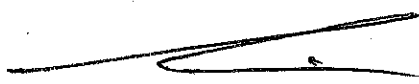
Very truly yours,

**AN ENTITY TO BE FORMED**

/s/   
By: Scot Pele  
On Behalf of An Entity To Be  
Formed

**ACKNOWLEDGED AND ACCEPTED BY:**

**Rojo Two, LLC d/b/a Rojo Mexican Bistro**

/s/   
By: Daniel Linnen  
Member on behalf of all owners

Dated: \_\_\_\_\_

## Rojo II Personal Property

### Description

Manitowac Ice Machine - Qy1305W  
Kolpack walk-in freezer - 8 x 8  
Kolpack walk-in cooler - 8 x 15  
Robot Coupe - CL55  
Advance/Tabco 3 comp sink - 96"  
Wire Shelving - 48" (16 ea.)  
Wire Shelving - 72" (16 ea.)  
SS 144" prep area w/ 3 comp sink  
Pitco Deep Fryer - 45# (2 ea.)  
Southbend Dbl. Convection Oven  
Southbend Range - 36" (2 ea.)  
SS 36' hot line w/coolers,sinks,wells  
Star Maxx Griddle - 72"  
Vollrath Chef's base w/ Drwrs - 72"  
Panasonic Microwave  
SS Steam Table -72", natural gas  
Henney Penny holding cabinet  
Char Grille - 48"  
Southbend Salamander - 36"  
SS Hood System - 26'  
Misc Liquor Shelves (6 ea.)  
Kolpack Walk-in cooler - 8 x 10  
Dining Room Tables (42 ea.)  
Dining Room Chairs (180 ea.)

**MLCC Resort Liquor License (205703-2016)**

# EXHIBIT B





**THOMAS  
HOSPITALITY  
GROUP <sup>SM</sup>**

*Strategists and Advisors  
to the Food-Service Industry*

*Specializing in:*  
*Restaurants*  
*Bars*  
*Nightclubs*  
*Multi-Unit Operations*

Restaurants, Bar & Nightclub  
Consultants and Brokers  
Providing:

- Business Valuations
- Business Systems  
Restructuring
- Restaurant Consulting  
Services
  - Menu Engineering
  - Food Cost Analysis
  - Operations Analysis
- Restaurant Design Services
- Restaurant Financing
- Technology Services
- Psycho-graphic Modeling
- Customer Retention  
Programs
- Staff Training & Manual  
Development
- Real Estate Brokerage  
Services Including  
Site Selection

*Michigan's Largest Dedicated  
Restaurant Real Estate  
Broker*

Office: 248-866-4855  
Fax: 586-948-0447

**Office:**  
30486 23 Mile Road  
Chesterfield Twp. MI 48047

www.ThomasHospitality.com

**VALUATION REPORT  
OF THE**

**GOING CONCERN,  
FAIR MARKET VALUE,  
ORDERLY LIQUIDATION VALUE  
& FORCED LIQUIDATION VALUE**

**OF THE**

**BUSINESS ENTERPRISES, MLCC CLASS C LIQUOR LICENSES AND  
FURNITURE, FIXTURES AND EQUIPMENT OF**

**Rojo One, LLC**  
44375 12 Mile Road  
Suite G147  
Novi, MI 48377

**Rojo Two, LLC**  
401 Main Street  
Rochester, MI 48307

**Rojo Four, LLC**  
14600 Lakeside Cir  
#2110  
Sterling Heights, MI 48313

**Rojo Five, LLC**  
250 E. Merrill Street  
Birmingham, MI 48009

**Rojo Six, LLC**  
42875 Grand River Ave.  
Novi, MI 48377

**AS OF SITE VISITS ON DECEMBER 18 & 19, 2016**

VALUATION REPORT  
Of The

GOING CONCERN,  
FAIR MARKET VALUE,  
ORDERLY LIQUIDATION VALUE  
& FORCED LIQUIDATION VALUE

Of The

BUSINESS ENTERPRISES, MLCC CLASS C LIQUOR LICENSES AND  
FURNITURE, FIXTURES AND EQUIPMENT OF

Rojo One, LLC  
Rojo Two, LLC  
Rojo Four, LLC  
Rojo Five, LLC  
Rojo Six, LLC

AS OF SITE VISITS ON DECEMBER 18 & 19, 2016

TABLE OF CONTENTS

SECTION 1	OPINION OF VALUE REPORT
SECTION 2	OPINION OF VALUE WORKING PAPERS
SECTION 3	MICHIGAN LIQUOR CONTROL COMMISSION
SECTION 4	MICHIGAN CORPORATIONS ACT RELATED DOCUMENTS
SECTION 5	CURRICULUM VITAE: MICHAEL SCHEID



SECTION 1  
VALUATION REPORT



# VALUATION REPORT

GOING CONCERN,  
FAIR MARKET VALUE,  
ORDERLY LIQUIDATION VALUE  
& FORCED LIQUIDATION VALUE

Of The

BUSINESS ENTERPRISES, MLCC CLASS C LIQUOR LICENSES AND  
FURNITURE, FIXTURES AND EQUIPMENT OF

Rojo One, LLC  
Rojo Two, LLC  
Rojo Four, LLC  
Rojo Five, LLC  
Rojo Six, LLC

AS OF SITE VISITS ON DECEMBER 18 & 19, 2016

## Objective

This opinion of value has been prepared to assist Counsel in determining the going concern, fair market value, orderly liquidation value & forced liquidation value of each of the enterprises; Rojo One, LLC located in Novi Michigan; Rojo Two, LLC located in Rochester, Michigan; Rojo Four, LLC located in Sterling Heights, Michigan; Rojo Five, LLC located in Birmingham, Michigan & Rojo Six, LLC located in Novi, Michigan as of December 18 & 19, 2016.

## Data Gathering

We have used a variety of methods to gather data. Information was sourced from the State of Michigan personal property tax information database, State of Michigan public records and Interviews with the ownership group and parties knowledgeable relative to recent market transactions in the restaurant industry. A site visit and physical review of assets was completed during the preparation of this report.

## Data Analysis

Our opinion of value was generated by developing an estimate of value based upon several models. Our efforts looked to identify a convergence of value



estimates from those models for the value of the personal property and the value of the enterprise. The models included:

Personal property value estimate based upon:

1. Fair Market Value
2. Orderly Liquidation Value
3. Forced Liquidation Value

Current Market Value of the MLCC Class C Liquor License

The Value of the Enterprises was calculated upon the following models:

1. Sales multiple model
2. Percentage of Gross Sales Model

### **Assumptions and Limiting Conditions**

This valuation is subject to the following assumptions and limiting conditions. The information, estimates and opinions contained in this report are obtained from various sources considered to be reliable. However, we assume no liability for such sources. The Company and its representatives warranted to us that the information they supplied was complete and accurate to the best of their knowledge and that the financial statement information reflects the company's results of operations and financial condition in accordance with generally accepted accounting principles. Information supplied by management has been accepted as correct without further verification (and we express no opinion on that information).

Possession of this report, or a copy thereof, does not carry with it the right of publication of all or part of it, nor may it be used for any purpose by anyone but the client without the previous written consent of the client or us and, in any event, only with proper attribution.

We are not required to testify in court, or be in attendance during any hearings or depositions, with reference to the company being valued, unless previous arrangements have been made.

The various estimates of value presented in this report apply to this opinion of value only and may not be used out of the context presented herein. This opinion of value is valid only for the purpose specified herein.



This opinion of value assumes that the company will continue to operate as a going concern, and that the character of its present business will remain intact.

The opinion of value contemplates facts and conditions existing as of the current date. Events and conditions occurring after that date have not been considered, and we have no obligation to update our report for such events and conditions.

We have assumed that there is full compliance with all applicable federal, state and local regulations and laws unless otherwise specified in this report.

This report was prepared under the direction of Michael E. Scheid. Neither the professionals who worked on this engagement nor members of Thomas Hospitality Group, Inc. have any present or contemplated future interest in any of the Rojo, LLC entities, any personal interest with respect to the parties involved, or any other interest that might prevent us from performing an unbiased valuation. Our conclusion is not contingent on an action or event resulting from the analysis, opinions, or conclusions in, or the use of, this report.

### **Opinion of Value**

Our efforts to establish an Opinion of Value were based upon our knowledge of the marketplace and data gathered from numerous public and private sources. Our primary focus has been to establish a convergence from several value estimation models as a confirmation of the actual value of the enterprise. The working papers are attached for your review and consideration.

An estimate based upon **personal property** across all entities yielded a value range of **\$194,773.00 to \$280,376.00**. This model is comprised of the current market value of the three (3) MLCC liquor licenses of **\$175,000.00** and the value estimate for the other personal property across three entities: the Current Market value estimated of **\$105,376.00**, the Orderly Liquidation value of **\$68,163.00** and the Forced Liquidation value of **\$19,773.00**.

Subdivided by entity, the results are as follows:

The range of value for Rojo One, LLC; all assets included, is \$80,093.00 to \$114,986.00.

The range of value for Rojo Two, LLC; all assets included, is \$77,423.00 to 115,290.00.

The range of value for Rojo Four, LLC; all assets included, is \$37,257.00 to \$50,100.00.



The range of value for Rojo Five, LLC; all assets included, is \$0.00 (all personal property is leased by Company).

The range of value for Rojo Six, LLC; all assets included, is \$0.00 (all personal property is leased by Company).

The **Sales/Income Multiple Model** is based upon establishing an adjusted net income value multiplied by a factor that reflects like kind transactions in the marketplace. The factor utilized in this opinion of value is a 2.5 multiple which yielded a business enterprise value of **\$0.00** which was a result of the negative income reported across all entities.

The **Gross Sales Model** would have yielded an estimation of business value of **\$2,511,035.00** or **\$502,207.00**, on average, per unit if the operating units were generating a profit. The Gross Sales Model was considered **not effective** in this analysis due to the negative income generated across all operating units.

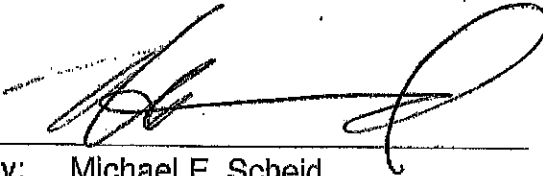
The lack of convergence between the Sales Multiple Model and the Gross Sales Model indicates a failure to predict a reliable value for the operations of the business units.

Across all models the value estimate of the enterprise is **\$0.00**. The value of the Personal Property is estimated to be between \$194,773.00 and \$280,376.00.

**The Asset Value** of the operating units as of December 18 & 19, 2016 was estimated to be between **\$194,773.00** and **\$280,376.00**.

Prepared by:

THOMAS HOSPITALITY GROUP, INC.

  
By: Michael E. Scheid  
Its: President



SECTION 2

OPINION OF VALUE WORKING PAPERS





# Rojo One, LLC Add Back & Value Calculations

## Rojo Valuation Report

	Based Upon Tax Return	Based Upon Tax Return	Based Upon P&L
<b>Rojo One Add Back and Value Calculation</b>			
	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Revenue</b>	<b>\$1,738,850.00</b>	<b>\$1,856,841.00</b>	<b>\$1,188,966.00</b>
<b>Purchases / Product</b>	<b>\$555,110.00</b>	<b>\$541,964.00</b>	<b>\$277,996.00</b>
<b>Labor</b>			
Ownership Pay	\$0.00	\$0.00	\$0.00
Salaries & Wages	<u>\$533,957.00</u>	<u>\$480,993.00</u>	<u>\$314,071.00</u>
<b>Subtotal Labor</b>	<b>\$533,957.00</b>	<b>\$480,993.00</b>	<b>\$314,071.00</b>
<b>Expenses</b>			
Rent	\$171,717.00	\$240,000.00	\$195,932.00
Repairs & Maintenance	\$39,633.00	\$21,900.00	\$347.00
Depreciation	\$0.00	\$0.00	\$0.00
Amortization	\$0.00	\$0.00	\$0.00
Other Deductions	\$372,520.00	\$506,778.00	\$226,303.00
Taxes & Licenses	\$173,731.00	\$176,814.00	\$175,282.00
Interest Expense	<u>\$36,917.00</u>	<u>\$77,321.00</u>	<u>\$99,725.00</u>
<b>Subtotal Expenses</b>	<b>\$794,518.00</b>	<b>\$1,022,813.00</b>	<b>\$697,589.00</b>
<b>Ordinary Income</b>	<b>-\$144,735.00</b>	<b>-\$188,929.00</b>	<b>-\$100,690.00</b>
<b>Add Backs</b>			
Depreciation	\$0.00	\$0.00	\$0.00
Amortization	\$0.00	\$0.00	\$0.00
Health Insurance	\$0.00	\$0.00	\$0.00
Ownership Distribution	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
<b>Subtotal Add Backs</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Adjusted Income With Add Backs</b>	<b>-\$144,735.00</b>	<b>-\$188,929.00</b>	<b>-\$100,690.00</b>
3 Year Average Adjusted Net		-\$144,784.87	
<b>Business Value @ 2.5 Times Adjusted Net</b>		<b>\$0.00</b>	

\* Tax return pending at time of analysis



# Rojo Two, LLC Add Back & Value Calculations

## Rojo Valuation Report

	Based Upon Tax Return	Based Upon Tax Return	Based Upon P&L *
<b>Rojo Two Add Back and Value Calculation</b>			
	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Revenue</b>	\$1,608,113.00	\$1,892,187.00	\$1,634,042.00
<b>Purchases / Product</b>	\$559,545.00	\$544,391.00	\$505,843.00
<b>Labor</b>			
Ownership Pay	\$0.00	\$0.00	\$0.00
Salaries & Wages	<u>\$371,670.00</u>	<u>\$517,500.00</u>	<u>\$531,987.00</u>
<b>Subtotal Labor</b>	<b>\$371,670.00</b>	<b>\$517,500.00</b>	<b>\$531,987.00</b>
<b>Expenses</b>			
Rent	\$62,600.00	\$61,200.00	\$71,556.00
Repairs & Maintenance	\$32,927.00	\$15,000.00	\$9,692.00
Depreciation	\$66,072.00	\$48,641.00	\$47,905.00
Amortization	\$39,404.00	\$39,404.00	\$37,337.00
Other Deductions	\$303,903.00	\$515,776.00	\$380,147.00
Taxes & Licenses	\$155,388.00	\$209,514.00	\$160,865.00
Interest Expense	<u>\$62,856.00</u>	<u>\$81,922.00</u>	<u>\$71,556.00</u>
<b>Subtotal Expenses</b>	<b>\$723,150.00</b>	<b>\$967,457.00</b>	<b>\$779,058.00</b>
<b>Ordinary Income</b>	<b>-\$46,252.00</b>	<b>-\$137,161.00</b>	<b>-\$182,846.00</b>
<b>Add Backs</b>			
Depreciation	\$66,072.00	\$48,641.00 #	\$47,905.00
Amortization	\$39,404.00	\$39,404.00 #	\$37,337.00
Officer Health Insurance	\$0.00	\$18,600.00	\$19,340.00
Ownership Distribution	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
<b>Subtotal Add Backs</b>	<b>\$105,476.00</b>	<b>\$106,645.00</b>	<b>\$104,582.00</b>
<b>Adjusted Income With Add Backs</b>	<b>\$59,224.00</b>	<b>-\$30,516.00</b>	<b>-\$78,264.00</b>
3 Year Average Adjusted Net		-\$16,518.67	
<b>Business Value @ 2.5 Times Adjusted Net</b>		<b>\$0.00</b>	

\* Tax return pending at time of analysis



## Rojo Four, LLC Add Back & Value Calculations

### Rojo Valuation Report

	Based Upon Tax Return	Based Upon Tax Return	Based Upon P&L *
<b>Rojo Four Add Back and Value Calculation</b>			
	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Revenue</b>	\$2,358,251.00	\$1,429,211.00	\$1,229,513.00
<b>Purchases / Product</b>	\$781,409.00	\$436,024.00	\$346,119.00
<b>Labor</b>			
Ownership Pay	\$0.00	\$0.00	\$0.00
Salaries & Wages	<u>\$630,607.00</u>	<u>\$369,073.00</u>	<u>\$428,513.00</u>
<b>Subtotal Labor</b>	<b>\$630,607.00</b>	<b>\$369,073.00</b>	<b>\$428,513.00</b>
<b>Expenses</b>			
Rent	\$327,592.00	\$188,600.00	\$117,060.00
Repairs & Maintenance	\$27,030.00	\$33,990.00	\$10,831.00
Depreciation	\$15,592.00	\$9,475.00	\$9,408.00
Amortization	\$10,764.00	\$10,764.00	\$10,764.00
Other Deductions	\$331,993.00	\$610,558.00	\$360,543.00
Taxes & Licenses	\$218,426.00	\$150,854.00	\$67,204.00
Interest Expense	<u>\$34,733.00</u>	<u>\$84,563.00</u>	<u>\$47,325.00</u>
<b>Subtotal Expenses</b>	<b>\$966,130.00</b>	<b>\$1,088,804.00</b>	<b>\$623,135.00</b>
<b>Ordinary Income</b>	<b>-\$19,895.00</b>	<b>-\$464,690.00</b>	<b>-\$168,254.00</b>
<b>Add Backs</b>			
Depreciation	\$15,592.00	\$9,475.00	\$9,408.00
Amortization	\$10,764.00	\$10,764.00	\$10,764.00
Health Insurance	\$0.00	\$0.00	\$17,087.00
Ownership Distribution	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
<b>Subtotal Add Backs</b>	<b>\$26,356.00</b>	<b>\$20,239.00</b>	<b>\$37,259.00</b>
<b>Adjusted Income With Add Backs</b>	<b>\$6,461.00</b>	<b>-\$444,451.00</b>	<b>-\$130,995.00</b>
3 Year Average Adjusted Net		-\$189,661.67	
<b>Business Value @ 2.5 Times Adjusted Net</b>		<b>\$0.00</b>	

\* Tax return pending at time of analysis



## Rojo Five, LLC Add Back & Value Calculations

### Rojo Valuation Report

	Based Upon Tax Return open one month	Based Upon Tax Return	Based Upon P&L *
<b>Rojo Five Add Back and Value Calculation</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Revenue</b>	<b>\$110,871.00</b>	<b>\$2,204,482.00</b>	<b>\$2,000,326.00</b>
<b>Purchases / Product</b>	<b>\$48,333.00</b>	<b>\$1,348,965.00</b>	<b>\$592,152.00</b>
<b>Labor</b>			
Ownership Pay	\$0.00	\$0.00	\$0.00
Salaries & Wages	<u>\$36,031.00</u>	<u>\$0.00</u>	<u>\$503,339.00</u>
<b>Subtotal Labor</b>	<b>\$36,031.00</b>	<b>\$0.00</b>	<b>\$503,339.00</b>
<b>Expenses</b>			
Rent	\$35,850.00	\$249,000.00	\$351,062.00
Repairs & Maintenance	\$1,500.00	\$15,000.00	\$9,902.00
Depreciation	\$4,049.00	\$31,334.00	\$23,179.00
Amortization	\$0.00	\$0.00	\$0.00
Other Deductions	\$12,323.00	\$549,115.00	\$471,751.00
Taxes & Licenses	\$3,218.00	\$133,810.00	\$199,853.00
Interest Expense	<u>\$0.00</u>	<u>\$82,795.00</u>	<u>\$45,456.00</u>
<b>Subtotal Expenses</b>	<b>\$56,940.00</b>	<b>\$1,061,054.00</b>	<b>\$1,101,203.00</b>
<b>Ordinary Income</b>	<b>-\$30,433.00</b>	<b>-\$205,537.00</b>	<b>-\$196,368.00</b>
<b>Add Backs</b>			
Depreciation	\$4,049.00	\$31,334.00	\$23,179.00
Amortization	\$0.00	\$0.00	\$0.00
Health Insurance	\$0.00	\$12,382.00	\$10,850.00
Ownership Distribution	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
<b>Subtotal Add Backs</b>	<b>\$4,049.00</b>	<b>\$43,716.00</b>	<b>\$34,029.00</b>
<b>Adjusted Income With Add Backs</b>	<b>-\$26,384.00</b>	<b>-\$161,821.00</b>	<b>-\$162,339.00</b>
3 Year Average Adjusted Net		-\$116,848.00	
<b>Business Value @ 2.5 Times Adjusted Net</b>		<b>\$0.00</b>	

\* Tax Return Pending at time of analysis



# Rojo Six, LLC Add Back & Value Calculations

## Rojo Valuation Report

	Based Upon Tax Return	Based Upon Tax Return	Based Upon P&L *
<b>Rojo Six Add Back and Value Calculation</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Revenue</b>	Not In Operation	Not In Operation	\$968,177.00
<b>Purchases / Product</b>			\$271,027.00
<b>Labor</b>			
Ownership Pay			\$0.00
Salaries & Wages			\$219,004.00
<b>Subtotal Labor</b>			<u>\$219,004.00</u>
<b>Expenses</b>			
Rent			\$63,728.00
Repairs & Maintenance			\$1,325.00
Depreciation			\$0.00
Amortization			\$0.00
Other Deductions			\$291,205.00
Taxes & Licenses			\$18,604.00
Interest Expense			\$121,888.00
<b>Subtotal Expenses</b>			<u>\$496,750.00</u>
<b>Ordinary Income</b>			-\$18,604.00
<b>Add Backs</b>			
Depreciation			\$0.00
Health Insurance			\$1,644.00
Amortization			\$0.00
Ownership Distribution			\$0.00
<b>Subtotal Add Backs</b>			<u>\$1,644.00</u>
<b>Adjusted Income With Add Backs</b>			-\$16,960.00
3 Year Average Adjusted Net			-\$16,960.00
<b>Business Value @ 2.5 Times Adjusted Net</b>		<b>\$0.00</b>	

\* Tax return pending at time of analysis



## Rojo Add Back & Value Calculations Summary

### Rojo Valuation Report Going Concern Value Model

#### Summary

Average Results

	Rojo One, LLC	Rojo Two, LLC	Rojo Four, LLC	Rojo Five, LLC	Rojo Six, LLC	Average Results
Average Revenue	\$1,594,885.67	\$1,711,447.33	\$1,672,325.00	\$1,438,559.67	\$968,177.00	\$1,477,078.93
Ordinary Income	-\$144,784.67	-\$122,086.33	-\$217,613.00	-\$144,112.67	-\$18,604.00	-\$129,440.13
Adjusted Income with Add Backs	-\$144,784.67	-\$15,518.67	-\$189,661.67	-\$116,848.00	-\$16,960.00	-\$96,954.60
Value @ 2.5 Times Adjusted Earnings *	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

\* A Five Unit Chain Would Likely Sell At A Higher Multiple Than 2.5 If Annual Adjusted Income Was Positive.



## Rojo One, LLC Personal Property Value Calculation

Item #	Description	Used Market Value	Orderly Liquidation	Forced Liquidation
1	2 Pc Desk with file drawers	\$200.00	\$130.00	\$40.00
2	Swivel chairs (2 ea.)	\$100.00	\$65.00	\$20.00
3	Combination Safe	\$100.00	\$65.00	\$20.00
4	Label Maker	\$10.00	\$5.00	\$1.00
5	File Cabinet	\$25.00	\$15.00	\$5.00
6	Sound amplifier (2 ea.)	\$100.00	\$65.00	\$20.00
7	Security cameras (8 ea.)	\$80.00	\$52.00	\$16.00
9	Camera DVR w/Monitor	\$100.00	\$65.00	\$20.00
10	Wire shelves - 48" (4 ea.)	\$200.00	\$130.00	\$40.00
11	Plastic shelves - 48" (4 ea.)	\$100.00	\$65.00	\$20.00
12	Water boiler (heater) - 100gal	\$750.00	\$500.00	\$250.00
13	Black Felt privacy curtains/poles	\$100.00	\$65.00	\$20.00
14	Pitco deep fryer	\$400.00	\$260.00	\$100.00
15	Dean deep fryer	\$375.00	\$240.00	\$75.00
16	Blodgett double convection oven	\$3,000.00	\$1,950.00	\$600.00
17	Star Maxx flat top griddle - 60"	\$1,500.00	\$1,000.00	\$500.00
18	Southbend Charbroiler - 48"	\$1,250.00	\$800.00	\$250.00
19	Equipment stand - 36"	\$150.00	\$75.00	\$30.00
20	Southbend Range - 36"	\$500.00	\$300.00	\$200.00
21	Volrath TT steam wells (4 ea.)	\$200.00	\$130.00	\$40.00
22	Architectural Stainless DI well	\$75.00	\$50.00	\$15.00
23	Amana Microwave oven	\$150.00	\$75.00	\$25.00
24	Glow-ray food warmers (8 ea.)	\$400.00	\$260.00	\$80.00
25	Prep cooler w/ doors - 60" (3 ea.)	\$2,400.00	\$1,500.00	\$600.00
26	Prep cooler w/ drawers - 48"	\$600.00	\$400.00	\$150.00
27	Prep cooler - 60"	\$750.00	\$500.00	\$200.00
28	True reach in. cooler (single door)	\$800.00	\$500.00	\$250.00
29	Large pizza pans (15 ea.)	\$15.00	\$10.00	\$5.00
30	Small pizza pans (15 ea.)	\$11.00	\$7.00	\$2.00
31	Glass racks, assorted (30 ea.)	\$750.00	\$450.00	\$150.00
32	Plate racks (6 ea.)	\$120.00	\$90.00	\$25.00
33	SS plate shelf - 20'	\$400.00	\$260.00	\$80.00
34	Pelouze scales (2 ea.)	\$40.00	\$26.00	\$10.00
35	Hand sink w/ faucet	\$50.00	\$30.00	\$10.00
36	Prep table - 30" x 60"	\$200.00	\$125.00	\$40.00
37	Prep station - 48" x 60"	\$250.00	\$150.00	\$50.00
38	SS roll top Chafers (4 ea.)	\$300.00	\$200.00	\$60.00
39	SS lift lid Chafers (4 ea.)	\$200.00	\$120.00	\$40.00
40	Wire shelves - 48" (6 ea.)	\$300.00	\$195.00	\$60.00
41	Berkel Slicer	\$1,250.00	\$800.00	\$300.00
42	Hobart Mixer	\$1,500.00	\$1,000.00	\$500.00
43	Alto Sham	\$750.00	\$500.00	\$150.00
44	Avery lable maker	\$10.00	\$5.00	\$1.00
45	Robot Coupe	\$1,000.00	\$650.00	\$250.00



## Rojo One, LLC Personal Property Value Calculation (con't)

Item #	Description	Used Market Value	Orderly Liquidation	Forced Liquidation
46	Edlund #1 can opener	\$40.00	\$25.00	\$10.00
47	10" banquet plates w/ lids (100 ea.)	\$550.00	\$300.00	\$120.00
48	10" dinner plates (60 ea.)	\$120.00	\$60.00	\$30.00
49	10" dinner bowls (50 ea.)	\$150.00	\$75.00	\$40.00
50	9" banquet plates (150 ea.)	\$225.00	\$125.00	\$50.00
51	6" banquet plates (155 ea.)	\$155.00	\$100.00	\$30.00
52	4" banquet saucers (145 ea.)	\$108.00	\$72.00	\$20.00
53	SS serving trays, assorted (20 ea.)	\$200.00	\$130.00	\$40.00
54	Food trays (40 ea.)	\$400.00	\$260.00	\$80.00
55	Monkey dishes (100 ea.)	\$25.00	\$15.00	\$5.00
56	Side plates (150 ea.)	\$112.00	\$70.00	\$20.00
57	SS Water pitchers (12 ea.)	\$120.00	\$78.00	\$24.00
58	Baking Sheets (50 ea.)	\$150.00	\$100.00	\$30.00
59	Lexan Containers (30 ea.)	\$90.00	\$60.00	\$18.00
60	SS 1/2 pans (50 ea.)	\$500.00	\$325.00	\$100.00
61	SS full pans (50 ea.)	\$750.00	\$500.00	\$150.00
62	SS 1/3 pans (50 ea.)	\$350.00	\$250.00	\$70.00
63	SS 1/6 pans (50 ea.)	\$250.00	\$150.00	\$50.00
64	Forks (250 ea.)	\$125.00	\$80.00	\$25.00
65	Knives (250 ea.)	\$125.00	\$80.00	\$25.00
66	Spoons (200 ea.)	\$100.00	\$65.00	\$20.00
67	Serving Tongs (20 ea.)	\$100.00	\$65.00	\$20.00
68	Serving Spoons (30 ea.)	\$150.00	\$90.00	\$30.00
69	Pint glasses (300 ea.)	\$150.00	\$75.00	\$30.00
70	garbage cans (4 ea.)	\$80.00	\$52.00	\$16.00
71	SS prep table - 60"	\$200.00	\$130.00	\$40.00
72	SS prep table - 72"	\$250.00	\$150.00	\$50.00
73	Walk-in beer cooler w/ condenser	\$2,500.00	\$1,625.00	\$500.00
74	Walk-in cooler w/ condenser (2 ea.)	\$6,000.00	\$3,900.00	\$1,200.00
75	Walk-in freezer with condenser	\$3,000.00	\$1,950.00	\$600.00
76	Vegetable sink, large	\$400.00	\$260.00	\$80.00
77	SS 3 compartment sink	\$600.00	\$390.00	\$120.00
78	Ice machine w/ 1500 lb bin	\$3,000.00	\$1,950.00	\$600.00
79	Southbend tilt skillet	\$1,200.00	\$780.00	\$300.00
80	SS 2 compartment sink	\$500.00	\$325.00	\$100.00
81	SS prep table - 60"	\$200.00	\$130.00	\$40.00
82	Hand sink with faucet	\$50.00	\$30.00	\$10.00
83	SS chafers w/ lids (8 ea.)	\$400.00	\$240.00	\$80.00
		<b>\$44,986.00</b>	<b>\$28,942.00</b>	<b>\$10,093.00</b>
84	MLCC Liquor License (180864-2016)	<b>\$70,000.00</b>		

Page 2 of 2





## Rojo Two, LLC Personal Property Value Calculation

Item #	Description	Used Market Value	Orderly Liquidation	Forced Liquidation
1	Manitowac Ice Machine - Qy1305W	\$3,000.00	\$1,950.00	\$600.00
2	Kolpack walk-in freezer - 8 x 8	\$5,000.00	\$3,250.00	\$750.00
3	Kolpack walk-in cooler - 8 x 15	\$6,000.00	\$3,900.00	\$1,000.00
4	Robot Coupe - CL55	\$1,000.00	\$650.00	\$250.00
5	Advance/Tabco 3 comp sink - 96"	\$600.00	\$390.00	\$120.00
6	Wire Shelving - 48" (16 ea.)	\$800.00	\$520.00	\$100.00
7	Wire Shelving - 72" (16 ea.)	\$1,200.00	\$780.00	\$160.00
9	SS 144" prep area w/ 3 comp sink	\$1,000.00	\$650.00	\$125.00
10	Pitco Deep Fryer - 45# (2 ea.)	\$800.00	\$520.00	\$200.00
11	Southbend Dbl. Convection Oven	\$3,000.00	\$1,950.00	\$600.00
12	Southbend Range - 36" (2 ea.)	\$1,000.00	\$650.00	\$400.00
13	SS 36' hot line w/coolers,sinks,wells	\$3,600.00	\$2,340.00	\$468.00
14	Star Maxx Griddle - 72"	\$1,500.00	\$975.00	\$195.00
15	Vollrath Chef's base w/ Drwrs - 72"	\$2,000.00	\$1,300.00	\$250.00
16	Panasonic Microwave	\$100.00	\$65.00	\$20.00
17	SS Steam Table - 72", natural gas	\$1,200.00	\$780.00	\$150.00
18	Henney Penny holding cabinet	\$1,500.00	\$975.00	\$195.00
19	Char Grille - 48"	\$1,250.00	\$800.00	\$250.00
20	Southbend Salamander - 36"	\$500.00	\$325.00	\$75.00
21	SS Hood System - 26"	\$2,500.00	\$1,625.00	\$325.00
22	Misc Liquor Shelves (6 ea.)	\$300.00	\$200.00	\$40.00
23	Kolpack Walk-In cooler - 8 x 10	\$3,000.00	\$1,950.00	\$400.00
24	Dining Room Tables (42 ea.)	\$840.00	\$546.00	\$210.00
25	Dining Room Chairs (180 ea.)	\$3,600.00	\$2,340.00	\$540.00
		<b>\$45,290.00</b>	<b>\$29,431.00</b>	<b>\$7,423.00</b>
26	MLCC Resort Liquor License (205703-2016)	\$70,000.00		

Page 1 of 1.



## Rojo Four, LLC Personal Property Value Calculation

Item #	Description	Used Market Value	Orderly Liquidation	Forced Liquidation
1	Silver King Prep cooler - 27"	\$300.00	\$195.00	\$100.00
2	Freezer, residential - 10cf	\$100.00	\$65.00	\$20.00
3	Maxx cold Reach-In Freezer, Shgl dr	\$1,000.00	\$650.00	\$150.00
4	Tri-star Deep Fryer - 40#	\$350.00	\$225.00	\$50.00
5	Bev-Aire Refer Chef's base - 2 drwr	\$750.00	\$475.00	\$100.00
6	True Bottle Cooler - 50"	\$1,000.00	\$650.00	\$150.00
7	Beverage fountain- 8 head	\$1,500.00	\$975.00	\$195.00
9	Star Char Grille - 24"	\$400.00	\$250.00	\$50.00
10	Bev-Aire Sandwich Prep - 60"	\$600.00	\$390.00	\$78.00
11	True Reach-in Cooler - single door	\$800.00	\$520.00	\$104.00
12	True Reach-In Freezer - single door	\$1,000.00	\$650.00	\$130.00
13	SS Beer Cooler, 3 dr - 84"	\$1,500.00	\$975.00	\$200.00
14	American Range - 36"	\$300.00	\$195.00	\$39.00
15	SS Steam Table, 6 well	\$1,200.00	\$780.00	\$156.00
16	Tables	\$900.00	\$585.00	\$225.00
17	Chairs	\$3,400.00	\$2,210.00	\$510.00
	<b>Total</b>	<b>\$15,100.00</b>	<b>\$9,790.00</b>	<b>\$2,257.00</b>
16	MLCC Liquor License (202585-2016)	\$35,000.00		



## Rojo Five, LLC Personal Property Value Calculation

Personal Property:	Assessed Value	Market <u>Value</u>	Orderly Liquidation <u>Value</u>	Forced Liquidation <u>Value</u>
-----------------------	-------------------	------------------------	-------------------------------------	------------------------------------

Personal Property Owned By Landlord

MLCC Liquor License Owned By Landlord

License has been transferred into Operator Name  
during the term of the Lease.



## Rojo Six, LLC Personal Property Value Calculation

Personal Property:	Assessed Value	Market <u>Value</u>	Orderly Liquidation <u>Value</u>	Forced Liquidation <u>Value</u>
-----------------------	-------------------	------------------------	-------------------------------------	------------------------------------

Personal Property Owned By Landlord

MLCC Liquor License Owned By Landlord

License has been transferred into Operator Name  
during the term of the Lease.



Rojo, LLC

Personal Property  
Valuation Summary

**Liquidation Value  
Equipment and Liquor License Value Calculations**

Summation	Used Market Value	Orderly Liquidation	Forced Liquidation	MLCC License Value	Value Range By Entity
<b>Rojo One, LLC Equipment</b>	\$44,986.00	\$28,942.00	\$10,093.00		<b>\$80,093.00</b>
MLCC Liquor License Value				\$70,000.00	<b>\$114,986.00</b>
<b>Rojo Two, LLC Equipment</b>	\$45,290.00	\$29,431.00	\$7,423.00		<b>\$77,423.00</b>
MLCC Liquor License Value				\$70,000.00	<b>\$115,290.00</b>
<b>Rojo Four, LLC Equipment</b>	\$15,100.00	\$9,790.00	\$2,257.00		<b>\$37,257.00</b>
MLCC Liquor License Value				\$35,000.00	<b>\$50,100.00</b>
<b>Rojo Five, LLC Equipment</b>	Owned By Landlord				<b>\$0.00</b>
MLCC Liquor License Value	Owned By Landlord				
<b>Rojo Six, LLC</b>	Owned By Landlord				<b>\$0.00</b>
MLCC Liquor License Value	Owned By Landlord				
<b>Sub-Total</b>	<b>\$105,376.00</b>	<b>\$68,163.00</b>	<b>\$19,773.00</b>	<b>\$175,000.00</b>	
<b>Value Range Across All Entities</b>	<b>\$194,773.00</b>	to	<b>\$280,376.00</b>		



SECTION 3

Michigan Liquor Control Commission



Michigan Liquor Control Commission

Rojo One, LLC; Owned by Debtor

Current Value Estimate: \$70,000.00

**LARA**  
 Department of Licensing and Regulatory Affairs  
[Michigan.gov Home](#) | [LISC Home](#) | [MLCC Home](#) | [Contact MLCC](#) | [LARA Home](#)  
 Michigan Liquor Control Commission



**ROJO MEXICAN BISTRO**

County Name OAKLAND  
 LGU Name NOVI CITY  
 Insurance Company GENERAL CASUALTY COMPANY OF WISCONSIN (05/01/2014-Present)  
 Business Id 218549  
 Business Tax Id NONE  
 Business Address 44375 W 12 Mile Rd Ste G-147,Novi,48377  
 Business Phone 248.374.4600  
 Number of Bars 1

Licenses  
 ROJO ONE, LLC

Stockholders/Members  
 OMTVEDT, JEFFREY  
 THE DANIEL R. LINNEN DECLARATION OF TRUST

Contacts				
Name	Purpose/Function	Phone Nbr	Fax Nbr	Address
NONE				

Liquor License Specifics			
License (Type-NBR-YR)	Permits	Transfer Status	MCL Act
CLASS C-180804-2016	1.ADDBAR 2.SS 3.OO-SERV 4.SPECIFIC PURPOSE(FOOD)	TRANSFERABLE	NONE
SPECIALLY DESIGNATED MERCHANT-180869-2016	NONE	TRANSFERABLE	NONE

ReQuery | Return | Print Window | Close Print Window

Michigan Liquor Control Commission  
 Lansing, MI 48909-7505  
 Ph: 866-813-0011  
 Fx: 517-763-0059

[Michigan.gov Home](#) | [LISC Home](#) | [Contact MLCC](#) | [LARA Home](#) | [State Websites](#)  
[Accessibility Policy](#) | [Link Policy](#) | [Security Policy](#)

Copyright © 2005-2016 State of Michigan



Michigan Liquor Control Commission (cont)

Rojo Two, LLC

Current Value Estimate: \$70,000.00; Owned by Debtor

**LARA**  
 Department of Licensing and Regulatory Affairs  
[Michigan.gov Home](#) | [LLIST Home](#) | [MLCC Home](#) | [Contact MLCC](#) | [LARA Home](#)  
 Michigan Liquor Control Commission



**ROJO**

---

County Name	OAKLAND
LGU Name	ROCHESTER CITY
Insurance Company	AMERICAN INSURANCE COMPANY (12/01/2015-Present)
Business Id	229100
Business Tax Id	273204048
Business Address	401 S Main St, Rochester, 48307
Business Phone	248.601.9300
Number of Bars	0

**Licenses**  
 ROJO TWO, LLC

**Stockholders/Members**  
 OMTVEDT, JEFFREY  
 THE DANIEL R. LINNEN DECLARATION OF TRUST

Contacts				
Name	Purpose/Function	Phone Nbr	Fax Nbr	Address
NONE				

Liquor License Specifics			
License (Type-NBR-YR)	Permits	Transfer Status	MCL Act
CLASS C RESORT-205703-2016	1.SB(AM) 2.SS 3.DANC-ENT 4.SPECIFIC PURPOSE(FOOD) 5.OD-SERV	NON-TRANSFERABLE	RESORTS: NON-TRANSFERABLE AS TO LOCATION-CAN TRANSFER OWNERSHIP - MINIMUM CAPITAL INVESTMENT 1.5 MILLION IN THE PREMISES TO-BE LICENSED - MUST HAVE 100 SEATING CAPACITY
SPECIALLY DESIGNATED MERCHANT-205704-2016	NONE	TRANSFERABLE	NONE

ReQuery | Return | Print Window | Close Print Window

Michigan Liquor Control Commission  
 Lansing, MI 48909-7505  
 Ph: 866-813-0011  
 Fx: 517-763-0059

[Michigan.gov Home](#) | [LLIST Home](#) | [Contact MLCC](#) | [LARA Home](#) | [State Websites](#)  
[Accessibility Policy](#) | [Link Policy](#) | [Security Policy](#)

Copyright © 2005-2016 State of Michigan





Michigan Liquor Control Commission (con't)

Rojo Four, LLC

Current Value Estimate: \$35,000.00; Owned by Debtor



**LARA**  
Department of Licensing and Regulatory Affairs

[Michigan.gov Home](#) | [LLIST Home](#) | [MLCC Home](#) | [Contact MLCC](#) | [LARA Home](#)

Michigan Liquor Control Commission



MICHIGAN.GOV  
Michigan's Official Web Site

**ROJO MEXICAN BISTRO**

County Name	MACOMB
LGU Name	STERLING HEIGHTS CITY
Insurance Company	GENERAL CASUALTY COMPANY OF WISCONSIN (05/01/2014-Present)
Business Id	228102
Business Tax Id	279520076
Business Address	LAKESIDE MALL 14000 Lakeside Cir Spo 2110, Sterling Heights, 48313
Business Phone	586.226.4110
Number of Bars	0

Licenses  
ROJO FOUR LLC

Stockholders/ Members  
DANIEL R. LINNEN DECLARATION OF TRUST  
OMTVEDT, JEFFREY

Contacts				
Name	Purpose/Function	Phone Nbr	Fax Nbr	Address
NONE				

Liquor License Specifics			
License (Type-NBR-YR)	Permits	Transfer Status	MCL Act
CLASS C-202585-2016	1,SS 2,SS(AM) 3,DANC-ENT 4,CD-SERV 5,SPECIFIC PURPOSE(FOOD)	TRANSFERABLE	NONE
SPECIALLY DESIGNATED MERCHANT-202586-2016	NONE	TRANSFERABLE	NONE

[ReQuery](#) | [Return](#) | [Print Window](#) | [Close Print Window](#)

Michigan Liquor Control Commission  
 Lansing, MI 48909-7505  
 Ph: 666-813-0011  
 Fx: 517-763-0059

[Michigan.gov Home](#) | [LLIST Home](#) | [Contact MLCC](#) | [LARA Home](#) | [State Websites](#)  
[Accessibility Policy](#) | [Link Policy](#) | [Security Policy](#)


Copyright © 2005-2016 State of Michigan



Michigan Liquor Control Commission (con't)

Rojo Five, LLC


Current Value Estimate: \$0.00; (owned by Landlord)



**LARA**  
Department of Licensing and Regulatory Affairs

[Michigan.gov Home](#) | [LLIST Home](#) | [MLCC Home](#) | [Contact MLCC](#) | [LARA Home](#)

Michigan Liquor Control Commission



MICHIGAN.GOV  
Michigan's  
Official  
Web Site

ROJO

County Name	OAKLAND
LGU Name	BIRMINGHAM CITY
Insurance Company	GENERAL CASUALTY COMPANY OF WISCONSIN (05/01/2014-Present)
Business Id	234063
Business Tax Id	NONE
Business Address	280- 280 E Merrill St, Birmingham, 48009
Business Phone	NONE
Number of Bars	1

Licenses

ROJO FIVE LLC

Stockholders/ Members

DANIEL R. LINNEN DECLARATION OF TRUST  
OMTVEDT, JEFFREY

**Contacts**

Name	Purpose/Function	Phone Nbr	Fax Nbr	Address
NONE				

**Liquor License Specifics**

License (Type-NBR-YR)	Permits	Transfer Status	MCL Act
CLASS C-232826-2016	1.OD-BERV 2.SS(AM) 3.SS 4.ADDBAR	TRANSFERABLE	NONE

[ReQuery](#)

[Return](#)

[Print Window](#)

[Close Print Window](#)

Michigan Liquor Control Commission  
Lansing, MI 48909-7505  
Ph: 866-813-0011  
F: 517-763-0059

[Michigan.gov Home](#) | [LLIST Home](#) | [Contact MLCC](#) | [LARA Home](#) | [State Websites](#)  
[Accessibility Policy](#) | [Link Policy](#) | [Security Policy](#)


Copyright © 2005-2016 State of Michigan



Michigan Liquor Control Commission (con't)

Rojo Six, LLC

Current Value Estimate: \$0.00; (owned by Landlord)



**LARA**  
Department of Licensing and Regulatory Affairs

[Michigan.gov Home](#) | [LLIST Home](#) | [MLCC Home](#) | [Contact MLCC](#) | [LARA Home](#)

Michigan Liquor Control Commission

**MICHIGAN.GOV**  
Michigan's  
Official  
Web Site

**ROJO MEXICAN BISTRO**

County Name	OAKLAND
LGU Name	NOVI CITY
Insurance Company	GENERAL CASUALTY COMPANY OF WISCONSIN (02/24/2015-Present)
Business Id	237696
Business Tax Id	NONE
Business Address	42875 Grand River Ave, Novi, 48375
Business Phone	NONE
Number of Bars	2

**Licenses**  
ROJO SIX, LLC

**Stockholders/Members**  
DANIEL R. LINNEN DECLARATION OF TRUST

Contacts				
Name	Purpose/Function	Phone Nbr	Fax Nbr	Address
NONE				

Liquor License Specifics			
License (Type-NBR-YR)	Permits	Transfer Status	MCL Act
CLASS C-246867-2016	1.SS 2.SS(AM) 3.DANC-BNT 4.OB-SERV 5.ADDBAR	TRANSFERABLE	NONE
SPECIALLY DESIGNATED MERCHANT-246868-2016	NONE	TRANSFERABLE	NONE

[ReQuery](#) | [Return](#) | [Print Window](#) | [Close Print Window](#)

**Michigan Liquor Control Commission**  
 Lansing, MI 48909-7505  
 Ph: 866-813-0011  
 Fx: 517-763-0059

[Michigan.gov Home](#) | [LLIST Home](#) | [Contact MLCC](#) | [LARA Home](#) | [State Websites](#)  
[Accessibility Policy](#) | [Link Policy](#) | [Security Policy](#)

Copyright © 2005-2016 State of Michigan



SECTION 4

Corporation Related Documents



Michigan Corporations Act Related Documents

Rojo One, LLC

**LARA** Department of Licensing and Regulatory Affairs  
MICHIGAN.GOV Michigan's Official Web Site  
Michigan.gov Home Business Entity Search Home Corps Home Contact Corporations LARA Home

**LIMITED LIABILITY COMPANY DETAILS**

Searched for: ROJO ONE, LLC  
ID Num: R0017V   
Name: ROJO ONE, LLC  
Type: Domestic Limited Liability Company  
Resident Agent: DAN LINNEN  
Registered Office Address: 250 E MERRILL BIRMINGHAM MI 48009  
Mailing/Office Address:  
Formation/Qualification Date: 6-20-2009  
Jurisdiction of Origin: MICHIGAN  
Managed by: Managers  
Status: ACTIVE Date: Present

Rojo Two, LLC

**LARA** Department of Licensing and Regulatory Affairs  
MICHIGAN.GOV Michigan's Official Web Site  
Michigan.gov Home Business Entity Search Home Corps Home Contact Corporations LARA Home

**LIMITED LIABILITY COMPANY DETAILS**

Searched for: ROJO TWO, LLC  
ID Num: D4972T   
Name: ROJO TWO, LLC  
Type: Domestic Limited Liability Company  
Resident Agent: DAN LINNEN  
Registered Office Address: 250 E MERRILL BIRMINGHAM MI 48009  
Mailing/Office Address:  
Formation/Qualification Date: 5-9-2010  
Jurisdiction of Origin: MICHIGAN  
Managed by: Managers  
Status: ACTIVE Date: Present



Michigan Corporations Act Related Documents (con't)

Rojo Four, LLC

**LARA**  
Department of Licensing and Regulatory Affairs

MICHIGAN.GOV  
Michigan's Official Web Site

[Michigan.gov Home](#) | [Business Entity Search Home](#) | [Corps Home](#) | [Contact Corporations](#) | [LARA Home](#)

**LIMITED LIABILITY COMPANY DETAILS**

Searched for: ROJO FOUR LLC

ID Num: D4425E

Assumed Names

Name: ROJO FOUR LLC

Type: Domestic Limited Liability Company

Resident Agent: DAN LINNEN

Registered Office Address: 250 E. MERRILL STREET BIRMINGHAM MI 48000

Mailing/Office Address:

Formation/Qualification Date: 7-2-2010

Jurisdiction of Origin: MICHIGAN

Managed by: Managers

Status: ACTIVE Data: Present

[View Document Images](#)

Rojo Five, LLC

**LARA**  
Department of Licensing and Regulatory Affairs

MICHIGAN.GOV  
Michigan's Official Web Site

[Michigan.gov Home](#) | [Business Entity Search Home](#) | [Corps Home](#) | [Contact Corporations](#) | [LARA Home](#)

**LIMITED LIABILITY COMPANY DETAILS**

Searched for: ROJO FIVE LLC

ID Num: B2737X

Assumed Names

Name: ROJO FIVE LLC

Type: Domestic Limited Liability Company

Resident Agent: DANIEL LINNEN

Registered Office Address: 250 MERRILL ST BIRMINGHAM MI 48000

Mailing/Office Address:

Formation/Qualification Date: 8-16-2013

Jurisdiction of Origin: MICHIGAN

Managed by: Managers

Status: ACTIVE Data: Present

[View Document Images](#)



Michigan Corporations Act Related Documents (con't)

Rojo Six, LLC

**LARA**  
Department of Licensing and Regulatory Affairs

MICHIGAN.GOV  
Michigan's Official Web Site

Michigan.gov Home | Business Entity Search Home | Come Home | Contact Corporations | LARA Home

**LIMITED LIABILITY COMPANY DETAILS**

Searched for: ROJO SIX, LLC

ID Num: 64915E Assumed Names

Name: ROJO SIX, LLC

Type: Domestic Limited Liability Company

Resident Agent: DANIEL LANNEN

Registered Office Address: 250 MERRILL ST BIRMINGHAM MI 48000

Mailing/Office Address:

Formation/Qualification Date: 7-31-2014

Jurisdiction of Origin: MICHIGAN

Managed by: Members

Status: ACTIVE Date: Present

View Document Images



SECTION 4

CURRICULUM VITAE: MICHAEL SCHEID





## **Michael E. Scheid**

2581 McClintock Road  
Bloomfield Hills, Michigan 48302  
248-701-1800  
[Michael@ThomasHospitalityGroup.com](mailto:Michael@ThomasHospitalityGroup.com)

**Bio:** Michael Scheid has provided consulting and commercial brokerage services in the Restaurant, Bar, Nightclub and Convenience Store marketplace for over 20 years. His expertise has joined the marketing management, valuation and sales functions to provide one-stop services to his clients. Whether assisting clients in setting price for new projects or testifying in local, State or Federal Court as an expert witness, Mr. Scheid has been well received as a source of solid information that is understandable and actionable.

### **PERSONAL INFORMATION**

Date of Birth: March 12, 1952  
Place of Birth: Detroit, Michigan  
Citizenship: United States of America

### **EMPLOYMENT HISTORY**

1996 to Present: **Thomas Hospitality Group, Inc.**  
30486 23 Mile Road  
Chesterfield Twp., Michigan 48047  
Position: President  
Duties: Responsible for direction of all operational aspects of a full service Restaurant, Bar, Nightclub and Convenience Store consulting and brokerage business. Daily responsibility for review and execution of contracts, listing of real and personal property, valuation expert consultation, and operational consulting related to labor loading, product costing and pro forma development.

Mr. Scheid has prepared more than 50 valuation reports to Receivers of the Circuit Court and Trustees of the Bankruptcy Court as well as valuation modeling in support of estate planning.

1990-1996: **Management Consulting Services, Ltd.**  
164 Grand Avenue  
Mt. Clemens, Michigan 48043  
Position: Lead Consultant



Duties: Business development, liaison with client accounts, and on site project execution. Areas of strength include operation consulting, valuation modeling and continuous process improvement.

1987-1990

**National Medical Enterprises, Inc.**

4112 K Street  
Washington, DC

Position: Operation Consultant / Marketing Management  
Duties: Oversight and direction of operation and marketing segment services in wholly owned subsidiaries located in European, the Middle-Eastern, and the Pacific Rim countries. Secondary responsibilities included oversight of marketing operations in host entities located in the continental United States.

## EDUCATION

Masters in Business Administration, 1986  
Concentration in Marketing and International Business  
San Diego State University  
San Diego, California, USA

## PROFESSIONAL QUALIFICATIONS

Licensed Real Estate Broker, Michigan  
Licensed Builder, Michigan

## PUBLICATIONS

"The Effect of Culture on External Pre-purchase Information Search Behavior with Respect to Low and High Involvement Purchase Decisions". Journal of Market Research, San Diego, California USA

## PROFESSIONAL MEMBERSHIPS

Commercial Board of Realtors, Michigan  
International Council of Shopping Centers, New York  
National Restaurant Association  
Michigan Restaurant Association



UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

In re:

Rojo One, LLC<sup>1</sup>,  
Debtors.

Case No. 16-54348-mlo  
Chapter 11  
Hon. Maria L. Oxholm

---

**NOTICE OF DEBTORS' MOTION FOR ORDER AUTHORIZING THE SALE OF  
SUBSTANTIALLY ALL OF THE ASSETS OF THE DEBTOR FREE AND CLEAR OF  
ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES**

Debtor, Rojo Two, LLC, has filed papers with the Court requesting entry of an Order Authorizing the Sale of Substantially All of the Assets of the Debtor Free and Clear of All Liens, Claims, Interests and Encumbrances .

**Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one in this bankruptcy case. (If you do not have an attorney, you may wish to consult one.)**

If you do not want the court to grant the Debtor's Motion for Order Authorizing the Sale of Substantially All of the Assets of the Debtor Free and Clear of All Liens, Claims, Interests and Encumbrances, or if you want the court to consider your views on the Motion, within twenty-one (21) days from the date of service of this notice, you or your attorney must:

1. File with the court a written response or an answer, explaining your position at<sup>2</sup>:

United States Bankruptcy Court  
211 West Fort Street, Suite 1700  
Detroit, Michigan 48226

---

<sup>1</sup> An Order has been entered in this case directing the procedural consolidation and joint administration of the chapter 11 cases of Rojo One, LLC Case No. 16-54348-mlo, Rojo Two LLC Case No 16-54349-mlo, Rojo Four, LLC Case No. 16-54350-mlo, Rojo Five LLC, Case No. 16-54352-mlo, and Rojo Six, LLC Case No. 16-54353-mlo. The docket in Case No. 16-54348-mlo should be consulted for all matters affecting this case.

<sup>2</sup> Response or answer must comply with F.R. Civ. P. 8(b), (c) and (e)

If you mail your response to the court for filing, you must mail it early enough so the court will **receive** it within the above-stated time period.

2. Mail a copy to:

Aaron J. Scheinfield, Esquire  
Scott M. Kwiatkowski, Esquire  
Goldstein Bershad & Fried PC  
4000 Town Center, Suite 1200  
Southfield, MI 48075

3. If a response or answer is timely filed and served, the clerk will schedule a hearing on the motion and you will be served with a notice of the date, time and location of the hearing.

**If you or your attorney do not take these steps, the court may decide that you do not oppose the relief sought in the application and may enter an order granting that relief.**

GOLDSTEIN BERSHAD & FRIED, P.C.

/s/ Aaron J. Scheinfield  
Aaron J. Scheinfield (P 67495)  
Scott M. Kwiatkowski (P67871)  
Attorneys for Debtors  
4000 Town Center, Suite 1200  
Southfield, Michigan 48075  
(248) 355-5300  
(248) 355-4344 (fax)  
[aaron@bk-lawyer.net](mailto:aaron@bk-lawyer.net)  
[scott@bk-lawyer.net](mailto:scott@bk-lawyer.net)

Dated: February 1, 2017