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IN THE UNITED STATES BANKRUPTCY COURT
IN AND FOR THE DISTRICT OF ARIZONA

In re)	In Proceeding Under
)	Chapter Eleven
CHESS EMPORIUM, LLC,)	
)	Case No. 2-18-bk-05826 BKM
)	
)	
)	DISCLOSURE STATEMENT
)	(Small Business Case)
Debtor)	

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I. INTRODUCTION

On May 23, 2018 Debtor, Chess Emporium, LLC, (hereinafter referred to as "Debtor" or "Chess"), filed a voluntary petition for Chapter 11 relief in the United States Bankruptcy Court for the District of Arizona.

This Disclosure Statement is filed pursuant to 11 U.S.C. §1125 and is intended to provide the holders of claims and interest with adequate information about the Debtor and the Plan so as to enable the creditors to make an informed judgment as to their acceptance or rejection of the Plan.

II. DEFINITIONS

As utilized in this Disclosure Statement and in the Plan of Reorganization which accompanies this Disclosure Statement, the following definitions apply to the following terms:

1. "Adequate information" means information that would enable a hypothetical reasonable investor typical of holders of claims or interest of the Debtor's estate, to make an informed judgment about the Debtor's Plan of Reorganization.

2. "Allowed and Approved Claim" shall mean all scheduled claims and to which no objection to the claim having been filed. If an objection to a claim is filed, said claim will be allowed to the extent ordered by the Court.

3. "Bankruptcy Code" shall mean the Bankruptcy Code as set forth in Title 11 of the United States Code.

4. "Bankruptcy Court" shall mean the United States Bankruptcy Court for the District of Arizona.

5. "Confirmation of the Plan" shall mean the entry of an order by the Bankruptcy Court confirming the Plan of Reorganization in accordance with §1129 of the Bankruptcy Code.

1 6. "Consummation of the Plan" means the accomplishment of all things required or provided
2 for under the terms of the Plan.

3 7. "Court" shall mean the United States Bankruptcy Court for the District of Arizona.

4 8. "Creditors" shall mean all persons holding claims for secured and unsecured obligations,
5 liabilities, demands or claims of any nature whatsoever against the Debtor arising at any time prior
6 to confirmation of the Plan and administrative creditors.
7

8 9. "Debtor" shall mean the petitioner in the above-captioned Bankruptcy case.

9 10. "Disclosure Statement" shall mean this Disclosure Statement (hereinafter "Disclosure
10 Statement") filed in this case approved, after notice and a hearing by the Court as being in
11 conformity with §1125 of the Bankruptcy Code or conditional approval as a small business case, if
12 applicable.
13

14 11. "Effective Date" shall be thirty (30) days after the entry of an Order Confirming the
15 Chapter 11 Plan of Reorganization.
16

17 12. "Petition" means to original Chapter 11 Petition filed by the Debtor.

18 13. "Plan" shall mean the Plan of Reorganization accompanying this Disclosure Statement
19 as it may be amended, modified and/or supplemented pursuant to which the Debtor proposes
20 payment in whole or in part of creditors' claims.
21

22 14. "Plan distribution date" shall be the "effective date" and every 30 days thereafter.

23 15. All other terms not specifically defined by this Disclosure Statement shall have the
24 meaning as designated in §101 of the Bankruptcy Code or, if not contained therein, their ordinary
25 meaning.
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1 commercial space. In February, 2003 Chess changed its operating structure from a sole
2 proprietorship to a Limited Liability Company (LLC).

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4 From its opening in 1994 until 2008 when the "Great Recession" gripped the Nation, Chess
5 consistently experienced growth year after year. Unfortunately, between 2008 and 2010 the business
6 volume contracted by about 25%. Chess was unable to lower its plant operating costs, capital needs,
7 and payroll fast enough to off-set the lost income. Chess took on additional debt to stay afloat. Soon
8 Chess found that its debt had doubled and was unable to get any fair market interest rates.

9
10 At this critical time, schools and districts began paying much slower for services rendered,
11 and, in larger cases, chose to be the collector funds, instead of Chess, and releasing funds to Chess
12 only after all classes were taught. This delayed cash flow by up to 100 days, or more. Often, funds
13 Chess expected in an upcoming week were delayed by 60 days. These last minute delays simply
14 increased the need for borrowing funds at historically high lender rates.

15
16 Chess attempted to get a bank loan to re-structure, but as always, it never seemed to quite
17 qualify. The bottom line is that Chess has never been approved for a traditional bank loan in its 24
18 years of existence. From 2009 until the Chapter 11 filing, a majority of all profit and growth funds
19 went into paying Merchant Cash Advances. These are typically 6-12 month advances that charge
20 interest as high as 70%. This treadmill only got faster, and deeper, and increased the debt load.
21 Despite the cost, Chess was able to completely pay off a minimum of 6 of the high interest rate
22 advances over a period of 7 years.

23
24 In 2010 Chess started growing again. Despite being about 3 years after the Great Recession,
25 Chess was forced into super-high interest rate loans. From 2010 to end of 2017, Chess paid out over
26 **\$700,000 in interest alone**, and an additional **\$60,000 in unnecessary late fees and penalties**. To
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1 make matters worse, the merchant cash lenders would require Chess to use its credit card processors
2 for funding which meant higher rates being charged on incoming funds resulting in approximately
3 **\$125,000 in additional fees** over this same period. Notably, as far back as 2015, Chess considered
4 filing a Chapter 11. At that time, however, its accountant advised against it and through the
5 accountant's finance company, Chess obtained an additional loan with another high interest rate
6 (20%). This only increased the costs to Chess and simply delayed the bankruptcy filing. Over a 2
7 year span Chess attempted to qualify for a 10-year SBA loan however each attempt resulted in being
8 turned down at the very last step in the approval process. During this same period of time Chess had
9 total profits of **approximately only \$250,000.**

12 Finally, when the teachers strike came in April of 2018, Chess knew that payments from the
13 districts and schools would be delayed. Knowing this, Chess stopped payment to two of its lenders.
14 The next day the accounts held by Chess at Compass Bank and Bank of America, as well as the
15 credit card processor, TSYS, were subject to a garnishment served by a County Clerk Marshall from
16 New York. All of Chess's funds were frozen. Unsure how this happen, Chess hired an attorney and
17 a private investigator to figure it out. The investigation revealed that the loan broker/loan
18 underwriter for the garnishing lenders (and/or the lenders themselves) forged the signature of the
19 Debtor's principal on two different Confessions of Judgments. It addition, the investigation showed
20 that the notary stamps attesting to the signatures were photo-shopped. These false and fraudulent
21 judgments were then served upon the banks and Chess's accounts were garnished. It took Chess
22 approximately 25 days to get \$69,000.00 in garnished funds returned at the cost to Chess of over
23 \$14,000 in a forced collection fee and another \$12,000 in costs to discover the fraud perpetrated.
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1 Facing an insurmountable level of cash flow demand and debt, Chess asked a cash-flow
2 analyst to take a deep look at its QuickBooks and history. After much review, he confirmed that
3 Chess would not make it through the summer, and would be out of business if it did not get relief.
4 Chess's current accountant agreed with the analysis and Chess began the process of finalizing its
5 decision to reorganize. After 24 years of teaching and serving over 100,000 children, ages 4-12
6 years, in education through the study and practice of chess, the Chapter 11 was filed.
7

8 Chess has stabilized its operations, is no longer paying the outrageous interest rates charged
9 by it various lenders and is in a good position to put forth a viable Plan of Reorganization.
10

11 Post-Petition Events

12 After Chess filed its Chapter 11, it began taking a hard look at any areas, or adjustments in
13 business operations it could make in an effort to increase growth and/or reduce costs without creating
14 any deleterious effects on the operation of the business.
15

16 For school year Fall 2018, Chess increased its Scholastic Enrichment Program (SEP) pricing
17 by 5% in the districts and schools where it was permitted to do so. In addition, Core Academy
18 programs were increased by 7%. Academy revenue growth year over year (5/23-9/17/18) has been
19 12.5% and Chess's total growth since the filing of the Chapter 11 has been 6.9%. To encourage
20 additional growth, Chess started offering temporary, discount volume bundles for its large, outside
21 venue Saturday tournaments. This has increased revenues by 39.8% for that service.
22

23 While revenues have been increasing, Chess has begun the process of reducing costs. The
24 filing of the Chapter 11, which froze the payment of high interest rate loans, has saved the Debtor
25 \$59,765.00 in 117 days, a reduction of 72.9% in outlays over that time period with additional savings
26 expected. Chess has managed to reduce payroll costs by 11.8%, while growing at 6.9%.
27
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1 Unfortunately, one area of cost has grown significantly, that of “professional services”, which is
2 attributed to accounting and attorney fees to navigate the Chapter 11 re-organization. However, over
3 the past four months, overall costs in operations have been reduced by 18.8%. This reduction has
4 given Chess strong cash reserves thus its financial outlook is healthy.

6 As it relates to the administration of the Chapter 11, since the filing the Debtor has diligently
7 moved forward in its fiduciary responsibilities to all creditors. It has taken steps to formulate a
8 budget that has allowed it to use the cash collateral belonging to secured creditor, E4E6 Investments,
9 LLC. It has hired an accounting professional and all of its books and records are now up to date,
10 allowing it to complete its financial picture. In addition Chess has assumed all four commercial
11 leases and is current in those payments. A claims bar date for disputed creditors has been issued by
12 the Court and all Monthly Operating Reports have been filed.

15 The Debtor is now ready to move forward with its Disclosure Statement and a viable Chapter
16 11 Plan that will address the claims of the pre petition creditors.

18 V. VOTING

19 A. Ballots and Voting Deadline.

20 A ballot to be used for voting to accept or reject the Plan is enclosed with this Disclosure
21 Statement and mailed to creditors entitled to vote. A creditor must (1) carefully review the ballot
22 and instructions thereon; (2) execute the ballot; and, return it to the address indicated thereon by the
23 deadline in order to be considered for voting purposes. The Bankruptcy Court has directed that, in
24 order to be counted for voting purposes, ballots for the acceptance or rejection of the Plan must be
25 received no later than the date established by the Bankruptcy Court, with a copy being provided to
26 the following address: Allan D. NewDelman, P.C., 80 East Columbus Avenue, Phoenix, Arizona
27
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1 85012. *The enclosed Ballot states the Court established deadline in which all ballots must be filed*
2 *with the Court and copies provided to Debtor's counsel.*

3
4 B. Creditors Entitled to Vote.

5 Any creditor of the Debtor, whose claim is impaired under the Debtor's Plan of
6 Reorganization is entitled to vote. Any claim as to which an objection has been filed (and such
7 objection is still pending) is not entitled to vote, unless the Bankruptcy Court temporarily allows the
8 claim in an amount which it deems proper for the purpose of accepting or rejecting the Plan upon
9 Motion by the creditor whose claim is subject to any objection. Such motion must be heard and
10 determined by the Bankruptcy Court prior to the date established by the Court to confirm the Plan.
11 In addition, a creditor's vote may be disregarded if the Bankruptcy Court determines that the
12 creditor's acceptance or rejection was not solicited or procured in good faith or in accordance with
13 the provisions of the Bankruptcy Code.
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15

16 C. Definition of Impairment.

17 Under §1124 of the Bankruptcy Code, a class of claims or equity interests is impaired under
18 a Plan or Reorganization unless, with respect to each claim or equity interest of such class, the Plan:
19

20 Except as provided in Section 1123(a)(4) of this title, a class of claims or interests
21 is impaired under a plan unless, with respect to each claim or interest of such class,
22 the plan –
23

24 (1) leaves unaltered the legal, equitable, and contractual rights to
25 which such claim or interest entitles the holder of such claim or
interest;

26 (2) notwithstanding any contractual provision or applicable law that
27 entitles the holder of such claim or interest to demand or receive
28 accelerated payment of such claim or interest after the occurrence of
a default –

1 (A) cures any such default that occurred before or after the
2 commencement of the case under this title, other than a default of a
3 kind specified in Section 365(b)(2) of this title;

4 (B) reinstates the maturity of such claim or interest for any
5 damages incurred as a result of any reasonable reliance by such holder
6 on such contractual provision of such applicable law; and,

7 (C) compensates the holder of such claim or interest for any
8 damages incurred as a result of any reasonable reliance by such holder
9 or such contractual provision or such applicable law; and

10 (D) does not otherwise alter the legal, equitable, or contractual
11 rights to which such claim or interest entitles the holder of such claim
12 or interest.

13 D. Classes Impaired Under the Plan.

14 Creditors holding claims or interests in Classes 2 and 5 are impaired under the Plan and are
15 eligible, subject to the limitations set forth within the Disclosure Statement and Chapter 11 Plan of
16 Reorganization, to vote to accept or reject the Plan. Creditors holding claims in Classes 1, 1A, 3,
17 4, and 6 are not impaired or are non-voting under the Plan and are not entitled to vote with respect
18 to acceptance or rejection of the Plan.

19 E. Votes Required for Class Acceptance.

20 The Bankruptcy Code defines acceptance of a Plan by a class of creditors as acceptance by
21 holders of two-thirds in dollar amount and by a majority in number of the claims of that class which
22 actually cast ballots for acceptance or rejection of the Plan, i.e., acceptance takes place only if two-
23 thirds in amount and a majority in numbers of the creditors actually voting cast their ballots in favor
24 of acceptance.
25

26 SINCE MAIL DELAYS MAY OCCUR, IT IS IMPORTANT THE BALLOT OR BALLOTS
27 BE MAILED OR DELIVERED WELL IN ADVANCE OF THE DATE SPECIFIED. ANY
28

1 BALLOTS RECEIVED AFTER THIS DATE MAY NOT BE INCLUDED IN ANY
2 CALCULATION TO DETERMINE WHETHER THE DEBTOR'S CREDITORS HAVE VOTED
3 TO ACCEPT OR REJECT THE PLAN.
4

5 THIS IS A SOLICITATION BY THE PROPONENT ONLY AND IS NOT A
6 SOLICITATION BY THE PROPONENT'S ATTORNEY OR ACCOUNTANT, AND THE
7 REPRESENTATIONS MADE HEREIN ARE THOSE OF THE PROPONENT AND NOT OF THE
8 PROPONENT'S ATTORNEY OR ACCOUNTANT, EXCEPT AS OTHERWISE INDICATED.
9
10 THE RECORDS SUBSEQUENT TO THE FILING OF THE PETITION FOR REORGANIZATION
11 HAVE BEEN KEPT BY THE DEBTOR-IN-POSSESSION AND MONTHLY FINANCIAL
12 REPORTS HAVE BEEN SUBMITTED BY THE DEBTOR-IN-POSSESSION FROM TIME TO
13 TIME SINCE THE FILING OF THE PETITION. WHILE EVERY REASONABLE EFFORT HAS
14 BEEN MADE TO ENSURE THE ACCURACY OF THE MONTHLY REPORTS, THEIR
15 ACCURACY CANNOT BE GUARANTEED.
16

17 **VI. GENERAL INFORMATION AND DISCLOSURE**

18 **Utilizing the Standards of A.C. Williams**

19 **Sources of information.**

20
21 Information relating to financial matters has been taken from the records of Debtor with the
22 assistance of the Court Appointed Accounting Firm. Information of a legal nature has been provided
23 by the counsel of record.
24

25 **Current Condition of Debtor.**

26 The Debtor has continued to operate its business and has seen increases in gross receipts and
27 reduced expenses since the filing of the case.
28

1 **The Accounting Process.**

2 The accounting process is conducted using generally accepted accounting principles.

3 Accounting information is furnished by The Alt Key with the assistance of the Debtor.

4 **Inventory and Asset Description.**

5 See Article XII.

6 **Future Management.**

7 Management of Debtor's affairs will remain with the Debtor.

8 **The Anticipated Future of Debtor's Affairs.**

9 The funds needed to comply with the Debtor's Plan of Reorganization shall come from the
10 Debtor's business revenues. The Debtor has continued to operate its business and has seen increases
11 in gross receipts and a reduction in overall expenditures since the filing of this case. The Debtor
12 believes that its reputation in the industry along with the steady flow of payments for services
13 rendered will allow it to grow and thus concentrate on the job at hand including reorganizing
14 successfully under the Plan filed with the Court.

15 **Incidents which led to the filing of the Chapter 11.**

16 See ARTICLE IV of this Disclosure Statement.

17 **Disclaimer regarding the information given.**

18 See ARTICLE III of this Disclosure Statement.

19 **Amount of claims scheduled.**

20 See ARTICLES VII AND VIII.

21 **The estimated return to the creditors if liquidated.**

22 See ARTICLES XI AND XII.

1 **A copy of the proposed plan.**

2 See Exhibit "A" attached hereto.

3 **VII. FINANCIAL INFORMATION**

4 **Administrative Claims.**

5 These claims consist of the expenses of administration of the estate including attorney fees
6 for Debtor's counsel, fees and costs to the Court appointed accounting firm, post petition taxes (if
7 any) not otherwise incorporated into the taxing agency's priority claim, and any unpaid fees to the
8 U.S. Trustee.

9 **Unsecured Claims.**

10 As reflected in the schedules filed by the Debtor and supplemented by various Proof of
11 Claims that have been filed, Debtor has general unsecured claims in the amount of \$768,929.66.¹
12 The Debtor's Chapter 11 Plan of Reorganization will be a base Plan with minimum payments of
13 allowed claims to be made as set forth in the attached Disbursement Schedule.

14 **Secured Claims.**

15 As reflected in the schedules filed by the Debtor, Debtor has secured debt totaling
16 \$235,388.00.

17 **Tax Claims.**

18 As reflected in Proof of Claims filed by the taxing agencies, the following taxes are owed:

Tax Agency	Claim No.	Priority Unsecured	General Unsecured*
IRS	2-4	\$32,881.56	\$2,706.42
ADOR	3-1	\$ 5.78	\$ 181.65

21 *The general unsecured amount is included in the unsecured calculation above.

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¹This amount includes all disputed claims (\$105,800.00), insider claims (\$48,000.00) and the general claims of the taxing agencies (\$2,888.07).

1 **VIII. SUMMARY OF THE PLAN OF REORGANIZATION**

2 The Plan provides for 6 classes and 1 subclass of claims to be paid or administered
3 in the following manner:
4

5 **Administrative Claims**

6 These claims are for the expenses of administration of the estate, including attorney
7 fees for Debtor's counsel, fees paid or to be paid to the Court appointed accountant, and fees that
8 may be owed and to the U.S. Trustee, if any.
9

10 **Allan D. NewDelman, P.C. (Class 1).**

11 *Attorney's Fees:* The total amount of attorneys fees incurred to Debtor's Bankruptcy
12 Counsel, Allan D. NewDelman, as of August 31, 2018 is \$14,356.71 subject to an offset against
13 retainers of \$5,000.00 leaving a balance due through August 31, 2018 of \$9,356.71. Debtor
14 believes, at the time that the Debtor's Chapter 11 Plan is confirmed, that there will an additional
15 attorney's fees administrative expense claim in the approximate amount of \$3,000.00 bringing the
16 total balance due but not paid to \$12,356.71. The additional \$3,000.00 includes anticipated fees for
17 administration of the Debtor's Chapter 11 case, for preparing the Debtor's Disclosure Statement and
18 Plan of Reorganization and to cover the anticipated fees through the confirmation process.
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21 This claim shall be paid in cash, or in the amounts allowed by the Court, upon the Plan
22 distribution date unless otherwise agreed to between the Debtor and the administrative creditor. **This**
23 **Class is not impaired.**
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1 The Alt Key (Class 1A).

2 *Accountant's Fees:* The total amount of accountant fees and costs incurred to Debtor's Court
3 Appointed Accountant, The Alt Key, as of September 18, 2018 is \$22,085.17 subject to an offset
4 against retainer of \$1,500.00 leaving a balance due through September 18, 2018 of \$20,585.17.
5

6 This claim shall be paid in cash, or in the amounts allowed by the Court, upon the Plan
7 distribution date unless otherwise agreed to between the Debtor and the administrative creditor.
8

9 **This Class is not impaired.**

10 Secured Claim - E4E6 Investments, LLC (Class 2) - No Claim Filed

11 E4E6 Investments, LLC is secured by a first position lien on all of the Debtor's assets as set
12 forth in its UCC-1 Financing Statement. As of the Petition Date approximately \$239,504.23 was
13 owed under the terms of the loan with interest accruing at the rate of 20% per annum. The Debtor
14 has been tendering monthly "adequate protection" payments in the contractual amount (principal and
15 interest) of \$7,607.59.
16

17 Prior to January 15, 2019 the Debtor shall continue to tender the contractual monthly
18 payment directly to E4E6 Investments, LLC. It is estimated that as of the effective date of the Plan,
19 the principal balance will be \$208,832.57.
20

21 As of January 15, 2019, regardless of the entry of the Order Confirming the Plan, E4E6
22 Investments, LLC shall have a secured claim in the amount of \$208,832.57 with interest at 10%.
23 The secured claim shall be amortized over a period of 24 months and shall be paid at the rate of
24 \$10,000.00 per month for months 1 through 23 and \$388.03 per month for month 24. The first
25 payment shall be due on January 15, 2019 with all subsequent payments due on the 15th day of each
26 month thereafter. **This Class is impaired.**
27
28

1 Unsecured Priority Claim - Internal Revenue Service (Class 3) - Claim No. 2-4.

2 The Internal Revenue Service ("IRS") shall have a priority claim in the amount of \$32,881.56

3 This IRS priority claim shall be paid with interest at the statutory rate set forth in I.R.C. §§6621 and
4 6622 that is in effect during the month that the Plan is confirmed, as required by 11 U.S.C. §511.

5 This priority and administrative amount, shall be paid in the sum of \$3,000.00 per month, until paid
6 in full (See **Exhibit "B"**) Payments under this Class will be completed within 5 years from the date
7 of the Petition. All payments shall be made payable to the Internal Revenue Service and sent to the
8 following address:
9

10
11 David G. Schuetz
12 Internal Revenue Service
13 4041 North Central Avenue
14 MS 5014
15 Phoenix, AZ 85012-5000

16 The Debtor's failure to comply with the Plan provisions concerning the liability owed to the
17 IRS which includes, but not limited to, the failure to make the full and timely payments of all
18 amounts due under the Confirmation Order, except as provided for in a Court ordered moratorium,
19 as well as full and timely payments of all amounts due for post-confirmation periods, shall constitute
20 a default of the Plan. If the Debtor fails to cure the default within ten (10) days after written notice
21 of the default from the IRS or its agents is mailed to the Debtor and the Debtor's attorney, the entire
22 imposed liability together with any unpaid current liabilities, shall become due and payable
23 immediately. Further, in the event of a default, the IRS may collect unpaid liabilities through
24 administrative collection provisions or the judicial remedies as set forth in the Internal Revenue
25 Code. The IRS shall not be required to seek modification of the automatic stay to collect any tax
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1 liabilities that were not discharged by the confirmation of the Plan and from property that has been
2 revested with the Debtor.

3 The IRS shall be entitled to any additional interest that accrues as a result of the Debtor's
4 failure to make payments in accordance with the schedule attached hereto. **This Class is not**
5 **impaired.**

6 Unsecured Priority Tax Claim of the Arizona Department of Revenue (Class 4) - Claim No.

7 3-1

8 The Arizona Department of Revenue ("ADOR") shall have a priority claim in the amount
9 of \$5.78. The ADOR's priority claim shall be paid with interest at the statutory rate as set forth in
10 ARS § 42-1123(A), that is in effect during the month that the Plan is confirmed, as required by 11
11 U.S.C. §511 on the effective date of the Plan. Payment shall be made payable to the **Arizona**
12 **Attorney General** and sent to the following address:

13 Christopher Dylla, Esq.
14 Bankruptcy & Collection Enforcement Section
15 1275 West Washington
16 Phoenix, AZ 85007

17 The Debtor's failure to comply with the Plan provisions concerning the liability owed to the
18 ADOR, which includes, but not limited to, the failure to make the full and timely payments of all
19 amounts due under the Confirmation Order as well as full and timely payments of all amounts due
20 for post-confirmation periods, shall constitute a default of the Plan. If the Debtor fails to cure the
21 default within ten (10) days after written notice of the default from either the ADOR or its agents,
22 the entire balance due ADOR shall be immediately due and owing. Further, in the event of a default,
23 ADOR may enforce the entire amount of its claim, exercise any and all rights and remedies under
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applicable non-bankruptcy law which includes, but is not limited to, state tax collection procedures, and obtain any other such relief deemed appropriate by the Bankruptcy. **This Class is not impaired.**

General Unsecured Claims (Class 5)

All allowed and approved claims under this Class shall be paid in full from all funds available for distribution as set forth in the Disbursement Schedule attached hereto as **Exhibit "B"**. Interest in this Class shall not be paid unless required by law. It is anticipated that payments under this Class shall begin in the 24th month of the Plan, after payment in full of all allowed administrative expenses and the priority tax claims, at the starting rate of \$3,000.00 with a maximum rate of \$10,000.00 per month thereafter, disbursed on a pro rata basis. **This Class is impaired.** Class 5 shall be made up of the following creditors:

<u>Creditor Name</u>	<u>Claim No.</u>	<u>Claim Amount</u>	<u>Projected Dividend</u>
All Awards by Teresa	1	\$ 8,000.00	\$ 8,000.00
IRS (general claim)	2-4	\$ 2,706.42	\$ 2,706.42
ADOR (general claim)	3-1	\$ 181.65	\$ 181.65
Barbara Burton	4	\$ 25,000.00	\$ 25,000.00
DLI Assets Bravo, LLC (Quarterspt)	5	\$130,327.42	\$130,327.42
Loan Me	6	\$ 70,121.87	\$ 70,121.87
Blue Vine	NC	\$ 19,846.00	\$ 19,846.00
Forward Financing	NC	\$ 66,466.00	\$ 66,466.00
Blue Square Resolutions	NC	\$ 72,071.00	\$ 72,071.00
Cascade Capital Group	NC	\$110,000.00	\$110,000.00
Fundbox	NC	\$ 8,150.00	\$ 8,150.00
Lewis Brisbois	NC	\$ 2,940.00	\$ 2,940.00
Regal Pawn	NC	\$ 63,083.00	\$ 63,083.00
Thomas S. Freneaux (insider)	NC	\$ 48,000.00	\$ 0.00
Valley Wide Security LLC	7	\$ 4,083.20	\$ 4,083.20
Arizona PBS	NC	\$ 3,166.33	\$ 3,166.33
Employmentguide.com	NC	\$ 875.00	\$ 875.00
New Times	NC	\$ 700.00	\$ 700.00

Hamel Properties	NC	\$ 26,800.00	\$ 26,800.00
Brimleys White Glove Chemdry	NC	\$ 551.00	\$ 551.00
TOTAL		\$663,068.89*	\$615,068.89

*Includes amount owed to insider that is not provided for in the Projected Dividend column.

Debtor's Interest (Class 6).

Debtor shall retain all of the legal and equitable interest in assets of this estate, as all reconciliation issues have been met. All estate property shall vest in the Debtor at confirmation.

This is a non voting class.

IX. DISPUTED CLAIMS

The Debtor reserves the right to verify and object to any proof of claim. Payment of disputed claims shall be made only after agreement has been reached between the Debtor and the Creditor or upon the order of the Court. Any and all objections to proofs of claim will be filed within sixty (60) days of the Effective Date of this plan or will be waived.

The following claims are "disputed" and unless otherwise "allowed" shall not be paid under the Plan. A Claims Bar Date was issued by the Court and as of the filing of the Disclosure Statement, none of the disputed creditors have filed claims. The claims bar date is November 1, 2018. If any of the below claims are deemed "allowed" they shall be paid under Class 5.

Yellowstone Capital LLC
 Yes Funding Services LLC/CAPCALL, LLC
 Malinka CPA
 Gerald (Jeremy) Jones
 Northern Leasing Systems Inc.

X. EXECUTORY CONTRACTS

The Debtor has assumed the following non-residential real property leases by Order of the Court:

Premises	Landlord	Date of Court Order
7000 E. Shea Blvd Suite H-1910 Scottsdale, AZ 85254	New East Shea, LLC	July 31, 2018
2525 W. Carefree Highway Building 7A Phoenix, AZ 85085	Cactus Commercial Corp.	August 15, 2018
1835 E Elliot Road Suite 103-104 Tempe, AZ 85284	Pollack Royal Palm Plaza, LLC	August 15, 2018
633 S. Estrella Parkway Suite 3-135 Goodyear, AZ 85338	Shops at Serafina, LLC	August 21, 2018

XI. MEANS OF EXECUTION/PROJECTION

This Plan will be a base Plan with payments of all approved and allowed claims to be made as set forth in the attached Disbursement Schedule. The funds necessary for the satisfaction of all approved and allowed claims will be derived from the Debtor's income from its operations.

The Debtor reserves the right to accelerate payment under the Plan from financing obtained either from third party financing or in the event that its revenues permit it to do so. Debtor believes that by virtue of the Plan that it will have the ability to pay all allowed and approved claims pursuant to the Plan of Reorganization.

XII. CHAPTER 7 LIQUIDATION ANALYSIS

Pursuant to the provisions of the Bankruptcy Code providing for Court approval of a Plan of Reorganization, the Debtor is required to pay creditors at least as much as creditors would receive in a Chapter 7 liquidation case, after costs of administration and the liquidation of the Debtor's assets. The Liquidation Analysis, stated below, represents an estimate of recovery based upon

hypothetical liquidation assumptions whereby a Trustee would conduct the Chapter 7 liquidation to convert assets to cash and settle claims. The determination of the hypothetical proceeds from the liquidation of assets is an uncertain process involving the use of estimates and assumptions that, although considered reasonable, are inherently subject to business, economic and competitive contingencies beyond the control of the Debtor. The Debtor's Liquidation Analysis provides selling expenses of 10%. The selling expense of 10% is the amount that the Debtor believes that an auction house would charge to auction off the Debtor's assets.

LIQUIDATION ANALYSIS

ASSETS ²	VALUE	LIEN	VALUE TO ESTATE
Bank Account	\$ 2,500.00	\$ 2,500.00	\$-0-
Bank Account	\$ 2,000.00	\$ 2,000.00	\$-0-
Bank Account	\$ 2,000.00	\$ 2,000.00	\$-0-
Bank Account	\$27,000.00	\$27,000.00	\$-0-
Security Deposit	\$ 3,988.50	\$ 3,988.50	\$-0-
Security Deposit	\$ 2,557.32	\$ 2,557.32	\$-0-
Security Deposit	\$ 6,933.25	\$ 6,933.25	\$-0-
Security Deposit	\$ 1,400.00	\$ 1,400.00	\$-0-
Accounts receivable	\$72,000.00	\$72,000.00	\$-0-
Inventory	\$35,640.55	\$35,640.55	\$-0-
Office furniture	\$ 8,500.00	\$ 8,500.00	\$-0-
Office equipment	\$ 4,000.00	\$ 4,000.00	\$-0-
web sites	\$ 1,500.00	\$ 1,500.00	\$-0-
Claim v. Yes Funding	\$Unknown	\$Unknown	\$-0-
Claim v. Yellowstone	\$Unknown	\$Unknown	\$-0-

CHAPTER 7 RECONCILIATION

Property of the Estate not otherwise encumbered	\$ 0.00
Less Chapter 7 Trustee Fees	< \$ 0.00 >
Less cost of sale (10% of sale price)	< \$ 0.00 >
Funds available after liquidation of all assets	\$ 0.00
Less Chapter 11 Admin. Fees owed to the attorney & accountant	< \$39,441.88 >
Less Priority Tax Claims	< \$32,887.34 >
TOTAL AVAILABLE TO UNSECURED CREDITORS:	\$0.00

² All assets are subject to a perfected lien in favor of E4E6 Investments, LLC.

1 The Debtor believes that if it tried to sell its business as a going concern that such sale, after
2 payment of the secured, administrative and priority creditors, would bring no funds for the benefit
3 of the general unsecured creditors of this estate. As a result, the Debtor believes that should this case
4 be converted to a case under Chapter 7, there would be no funds available to make a distribution to
5 the general unsecured creditors after payment of administrative claims, secured claims, priority taxes,
6 selling expenses and payment of the Chapter 7 Trustee's commission.
7

8 **XIII. CRAM-DOWN**

9
10 If all impaired classes do not accept the Plan, the Debtor and Debtor-in-Possession may
11 attempt to use the "cram-down" provisions of the Bankruptcy Code. The Debtor and Debtor-in-
12 Possession have not yet decided whether it wishes to use cram-down, and will make such a
13 determination following the voting on confirmation of the Plan. Cram-down is a colloquial term for
14 confirmation of a Plan over a dissent of a class of holders of claims of interests. A proponent must
15 request a cram-down, as the Court cannot consider this alternative on its own motion.
16

17 **XIV. TAX CONSEQUENCES**

18
19 Debtor believes that there will be no tax consequence to either itself or to the estate. Debtor
20 is unable to state whether the creditors in this case will have tax consequences as the Debtor does
21 not have knowledge as to whether the creditors report on a cash basis, an accrual or modified accrual
22 basis. The expense to the estate for gaining such knowledge would be prohibitive. Each creditor in
23 this case, when analyzing the Plan, should consult with its own professional advisors to determine
24 whether or not acceptance of the Plan by the creditor will result in any adverse tax consequences to
25 the creditor.
26
27
28

1 **XV. IMPLEMENTATION AND CONSUMMATION OF PLAN**

2 The terms of the Plan subsequent to confirmation shall bind the Debtor, any entity acquiring
3 property under the Plan, and creditor or claimant, whether or not such creditor or claimant has
4 accepted the Plan. All property of the estate shall vest in the Debtor and shall be free from
5 attachment, levy, garnishment or execution by creditors bound by the Plan. It shall be the obligation
6 of each creditor participating under the Plan to keep the Debtor advised of its current mailing
7 address. In the event any payments tendered to creditors are mailed, postage prepaid, addressed (1)
8 to the address specified in the Debtor's schedules and statement, (2) to the address specified in any
9 proof of claim filed by a creditor or claimant herein or (3) to the address provided by any such
10 creditor or claimant for purposes of distribution, and if subsequently the Post Office returns such
11 distribution due to a lack or insufficiency of address or forwarding address, the Debtor shall retain
12 such distribution for a period of six months. Thereafter, the distribution shall revert to the Debtor
13 without further Order of the Court and free and clear of any claim of the named distributee. The
14 Debtor shall thereafter not be required to mail subsequent distributions to any creditor for whom a
15 distribution has been returned by the Post Office. The Debtor reserve the right to modify the Plan
16 in accordance with §1127 of the Bankruptcy Code. The Plan may be modified prior to confirmation
17 provided that the Plan still complies with §1122 and §1123 of the Bankruptcy Code. The Plan may
18 be modified subsequent to confirmation and before substantial consummation of the Plan under such
19 circumstances as may warrant such under §1123 of the Bankruptcy Code. Any holder of a claim or
20 interest that has been previously accepted or rejected a confirmed Plan, shall be deemed to have
21 accepted or rejected any subsequently modified Plan unless the holder of such claim or interest
22
23
24
25
26
27
28

1 changes its acceptance or rejection of the Plan within the time fixed by the Court. Confirmation of
2 the Plan discharges the debtor pursuant to 11 U.S.C. §1141.

3 **XVI. CLOSING OF CASE**

4
5 The Debtor may seek a final decree and an Order closing this case upon the conclusion of
6 all administrative matters and provided that the Debtor has commenced payments required to be
7 made pursuant to the Plan of Reorganization.

8
9 **ALL CREDITORS SHALL REMAIN BOUND BY TERMS AND CONDITIONS SET**
10 **FORTH IN THE DEBTOR'S PLAN OF REORGANIZATION. NO CREDITOR SHALL BE**
11 **ALLOWED TO TAKE ANY COLLECTION ACTION AGAINST THE DEBTOR AS LONG**
12 **AS THE DEBTOR REMAINS IN COMPLIANCE WITH ITS PLAN OF**
13 **REORGANIZATION.**
14

15 **XVII. DEFAULT**

16 The Debtors' failure to make any payment due under the Plan, except as specifically set out
17 in Class 3 and 4 herein, within sixty (60) days after demand for payment after its due date shall
18 constitute a default unless the Debtors and the affected creditor agree to delayed payment. Any event
19 of default occurring with respect to one (1) claim shall not be an event of default with respect to any
20 other claim. If any default is cured within the sixty (60) day cure period, then the Creditor shall not
21 be entitled to enforce any remedies which would be otherwise available on account of the default.
22

23
24 The Notice of Default shall be effective when served simultaneously upon the Debtor and
25 Debtor's counsel. Any Notice of Default must be sent in writing to both the Debtor and the Debtor's
26 counsel at the addresses listed below:
27
28

1 Chess Emporium, LLC.
2 7000 East Shea Blvd.
3 Suite H-1910
4 Scottsdale, AZ 85254

5 Allan D. NewDelman
6 Allan D. NewDelman, P.C.
7 80 East Columbus Avenue
8 Phoenix, AZ 85012

9 If the default is not timely cured, creditor(s) may pursue any remedy provided by the state
10 or federal law, including foreclosing any security interest, suing on any promissory note issued or
11 continued in effect under the Plan.

12 Should any creditor, under the terms of the Plan of Reorganization and the Confirmation
13 Order provide, written Notice of Default as provided herein and the Debtor objects to said Notice
14 of Default within the time frame provided under the Default Notice, no action may be taken by the
15 creditor if the Debtor timely files an Objection to the Notice of Default and requests an Emergency
16 Hearing to resolve the stated dispute. The Creditor may only proceed with its default remedies
17 hereunder should the Court overrule Debtor's Objection or as may otherwise be directed by the
18 Court.
19

20 **XVIII. QUARTERLY FEES AND REPORTS**

21 Debtor shall continue to pay quarterly fees to the U.S. Trustee System until such time as a
22 Final Decree has been entered in this matter by the Court, closing this Chapter 11 proceeding.
23 Debtor shall continue to file monthly operating reports until such time as the Court enters an Order
24 confirming this Chapter 11 Plan of Reorganization. At such time, Debtor shall cease filing monthly
25 operating reports and shall begin filing 90 day reports. These 90 day reports shall be filed until such
26 time as a Final Decree has been entered in this matter by the Court, closing this Chapter 11
27 proceeding.
28

1 **XIX. RETENTION OF JURISDICTION**

2 The Bankruptcy Court will retain jurisdiction over this case for purposes of determining the
3 allowance of claims or objections to claims. The Court will also retain jurisdiction for purposes of
4 fixing allowances for compensation and/or for purposes of determining the allowability of any other
5 claimed administrative expenses. The Court will also retain jurisdiction for the purpose of
6 establishing bar dates and making a determination with respect to all disputed claims. Finally, the
7 Court shall retain jurisdiction for purposes of determining any dispute arising from the interpretation,
8 implementation or consummation of the Plan and to implement and enforce the provisions of the
9 Plan, including but not limited to the objection by the Debtor to any Notice of Default pursuant to
10 Article XI of the Plan (referenced above in Article XVII) or the Order Confirming. Notwithstanding
11 anything to the contrary contained herein, the Debtor shall not be bound by estoppel, the principles
12 of res judicata or collateral estoppel with respect to any term or provision contained herein in the
13 event the Plan is not confirmed.
14
15
16

17 **XX. REPRESENTATION**

18 No representations concerning the Debtor are authorized by the Debtor other than as set forth
19 in this statement. Any representation or inducement made to secure your acceptance which is other
20 than as contained in this statement should not be relied upon by you in arriving at your decision, and
21 such additional representations and inducements should be reported to counsel for the Debtor, who,
22 in turn, shall deliver such information to the Bankruptcy Court for such action as may be deemed
23 appropriate.
24
25

26 **XXI. CONCLUSION**

27 It is respectfully submitted that Debtor has given every thought to the complex problems
28 confronting it, and, with the assistance of counsel, has devised and formulated this Plan with the

1 hope that the equitableness of the Plan will be considered by the creditors. It is sincerely hoped that
2 all creditors will join in and consent to the Plan so that they, as well as the Debtor, will receive the
3 maximum results.
4

5 DATED this 31 day of October, 2018.

6  ALLAN D. NEWDELMAN, P.C.

7 /s/ ADN 004066

8 Allan D. NewDelman, Esq.
9 Attorney for Debtor

1 Disclosure Statement above, consisting
2 of 28 pages plus exhibits is approved as to
3 form and content:

4 Chess Emporium, LLC

5 By 
6 Thomas Scott Freneaux,
7 Managing Member

**EXHIBIT “A”
TO THE DISCLOSURE STATEMENT**

Allan D. NewDelman, Esq. (004066)
ALLAN D. NEWDELMAN, P.C.
80 East Columbus Avenue
Phoenix, Arizona 85012
(602) 264-4550
anewdelman@adnlaw.net
Attorney for Debtor

IN THE UNITED STATES BANKRUPTCY COURT
IN AND FOR THE DISTRICT OF ARIZONA

In re)	In Proceeding Under
)	Chapter Eleven
CHESS EMPORIUM, LLC,)	
)	Case No. 2-18-bk-05826 BKM
)	
)	PLAN OF REORGANIZATION
)	
Debtor.)	DATED: November ____, 2018

Debtor, Chess Emporium, LLC, hereby submits its Plan of Reorganization in accordance with 11 U.S.C. §1121(a).

I. DEFINITIONS

As utilized in this Disclosure Statement, the following definitions apply to the following terms:

1. "Adequate information" means information that would enable a hypothetical reasonable investor typical of holders of claims or interest of the Debtor's estate, to make an informed judgment about the Debtor's Plan of Reorganization.

2. "Allowed and Approved Claim" shall mean all scheduled claims and to which no objection to the claim having been filed. If an objection to a claim is filed, said claim will be

1 allowed to the extent ordered by the Court.

2 3. "Bankruptcy Code" shall mean the Bankruptcy Code as set forth in Title 11 of the United
3 States Code.
4

5 4. "Bankruptcy Court" shall mean the United States Bankruptcy Court for the District of
6 Arizona.

7 5. "Confirmation of the Plan" shall mean the entry of an order by the Bankruptcy Court
8 confirming the Plan of Reorganization in accordance with §1129 of the Bankruptcy Code.
9

10 6. "Consummation of the Plan" means the accomplishment of all things required or provided
11 for under the terms of the Plan.

12 7. "Court" shall mean the United States Bankruptcy Court for the District of Arizona.

13 8. "Creditors" shall mean all persons holding claims for secured and unsecured obligations,
14 liabilities, demands or claims of any nature whatsoever against the Debtor arising at any time prior
15 to confirmation of the Plan and administrative creditors.
16

17 9. "Debtor" shall mean the petitioner in the above-captioned Bankruptcy case.

18 10. "Disclosure Statement" shall mean the Disclosure Statement (hereinafter "Disclosure
19 Statement") filed in this case approved, after notice and a hearing by the Court as being in
20 conformity with §1125 of the Bankruptcy Code or conditional approval as a small business case.
21

22 11. "Effective Date" shall be the same as the Plan distribution date as set forth herein below.

23 12. "Petition" means the original Chapter 11 Petition filed by the Debtor.

24 13. "Plan" shall mean this Plan of Reorganization which was attached as an exhibit to the
25 conditionally approved Disclosure Statement as it may be amended, modified and/or supplemented
26 pursuant to which the Debtor proposes payment in whole or in part of creditors' claims.
27
28

1 14. "Plan distribution date" shall be 30 days from the date of confirmation and every 30 days
2 thereafter.

3 15. All other terms not specifically defined above shall have the meaning as designated in
4 §101 of the Bankruptcy Code or, if not contained therein, their ordinary meaning.
5

6 **II. CLASSES OF CLAIMS**

7 **Administrative Claims.**

8 These claims consist of the expenses of administration of the estate including attorney fees
9 for Debtor's counsel, fees and costs to the Court appointed accounting firm, post petition taxes (if
10 any) not otherwise incorporated into the taxing agency's priority claim, and any unpaid fees to the
11 U.S. Trustee.
12

13 **Unsecured Claims.**

14 As reflected in the schedules filed by the Debtor and supplemented by various Proof of
15 Claims that have been filed, Debtor has general unsecured claims in the amount of \$768,929.66.¹
16 The Debtor's Chapter 11 Plan of Reorganization will be a base Plan with minimum payments of
17 allowed claims to be made as set forth in the attached Disbursement Schedule.
18

19 **Secured Claims.**

20 As reflected in the schedules filed by the Debtor, Debtor has secured debt totaling
21 \$235,388.00.
22

23 **Tax Claims.**

24 As reflected in Proof of Claims filed by the taxing agencies, the following taxes are owed:
25
26

27 ¹This amount includes all disputed claims (\$105,800.00), insider claims (\$48,000.00) and the general claims
28 of the taxing agencies (\$2,888.07).

Tax Agency	Claim No.	Priority Unsecured	General Unsecured*
IRS	2-4	\$32,881.56	\$2,706.42
ADOR	3-1	\$ 5.78	\$ 181.65

*The general unsecured amount is included in the unsecured calculation above.

III. TREATMENT OF CLAIMS NOT IMPAIRED UNDER THE PLAN

Classes 1, 1A, 3, 4, and 6 are not impaired under the Plan in that the Plan does not alter the legal or contractual rights to which the holders of such claims are entitled and/or the Bankruptcy Code permits payment over an extended period of time and/or the holder of the claim has agreed to a different treatment.

IV. TREATMENT OF IMPAIRED CLAIMS UNDER THE PLAN

Classes 2 and 5 are impaired Classes under the Plan. All allowed and approved claims or judicially determined claims will receive those amounts as reflected in the payment schedule under the Plan (Article V of the Plan).

V. PAYMENT SCHEDULE UNDER THE PLAN

Administrative Claims

These claims are for the expenses of administration of the estate, including attorney fees for Debtor's counsel, fees paid or to be paid to the Court appointed accountant, any unpaid post petition tax claims and fees that may be owed and to the U.S. Trustee, if any.

Allan D. NewDelman, P.C. (Class 1).

Attorney's Fees: The total amount of attorneys fees incurred to Debtor's Bankruptcy Counsel, Allan D. NewDelman, as of August 31, 2018 is \$14,356.71 subject to an offset against retainers of \$5,000.00 leaving a balance due through August 31, 2018 of \$9,356.71. Debtor believes, at the time that the Debtor's Chapter 11 Plan is confirmed, that there will an additional

1 attorney's fees administrative expense claim in the approximate amount of \$3,000.00 bringing the
2 total balance due but not paid to \$12,356.71. The additional \$3,000.00 includes anticipated fees for
3 administration of the Debtor's Chapter 11 case, for preparing the Debtor's Disclosure Statement and
4 Plan of Reorganization and to cover the anticipated fees through the confirmation process.

5
6 This claim shall be paid in cash, or in the amounts allowed by the Court, upon the Plan
7 distribution date unless otherwise agreed to between the Debtor and the administrative creditor. **This**
8 **Class is not impaired.**
9

10 The Alt Key (Class 1A).

11 *Accountant's Fees:* The total amount of accountant fees and costs incurred to Debtor's Court
12 Appointed Accountant, The Alt Key, as of September 18, 2018 is \$22,085.17 subject to an offset
13 against retainer of \$1,500.00 leaving a balance due through September 18, 2018 of \$20,585.17.
14

15 This claim shall be paid in cash, or in the amounts allowed by the Court, upon the Plan
16 distribution date unless otherwise agreed to between the Debtor and the administrative creditor.

17 **This Class is not impaired.**

18 Secured Claim - E4E6 Investments, LLC (Class 2) - No Claim Filed

19
20 E4E6 Investments, LLC is secured by a first position lien on all of the Debtor's assets as set
21 forth in its UCC-1 Financing Statement. As of the Petition Date approximately \$239,504.23 was
22 owed under the terms of the loan with interest accruing at the rate of 20% per annum. The Debtor
23 has been tendering monthly "adequate protection" payments in the contractual amount (principal and
24 interest) of \$7,607.59.
25

26 Prior to January 15, 2019 the Debtor shall continue to tender the contractual monthly
27 payment directly to E4E6 Investments, LLC. It is estimated that as of the effective date of the Plan,
28

1 the principal balance will be \$208,832.57.

2 As of January 15, 2019, regardless of the entry of the Order Confirming the Plan, E4E6
3 Investments, LLC shall have a secured claim in the amount of \$208,832.57 with interest at 10%.

4 The secured claim shall be amortized over a period of 24 months and shall be paid at the rate of
5 \$10,000.00 per month for months 1 through 23 and \$388.03 per month for month 24. The first
6 payment shall be due on January 15, 2019 with all subsequent payments due on the 15th day of each
7 month thereafter. **This Class is impaired.**

8
9
10 Unsecured Priority Claim - Internal Revenue Service (Class 3) - Claim No. 2-4.

11 The Internal Revenue Service ("IRS") shall have a priority claim in the amount of \$32,881.56
12 This IRS priority claim shall be paid with interest at the statutory rate set forth in I.R.C. §§6621 and
13 6622 that is in effect during the month that the Plan is confirmed, as required by 11 U.S.C. §511.
14 This priority and administrative amount, shall be paid in the sum of \$3,000.00 per month, until paid
15 in full (See **Exhibit "A"**) Payments under this Class will be completed within 5 years from the date
16 of the Petition. All payments shall be made payable to the Internal Revenue Service and sent to the
17 following address:
18
19

20 David G. Schuetz
21 Internal Revenue Service
22 4041 North Central Avenue
23 MS 5014
Phoenix, AZ 85012-5000

24 The Debtor's failure to comply with the Plan provisions concerning the liability owed to the
25 IRS which includes, but not limited to, the failure to make the full and timely payments of all
26 amounts due under the Confirmation Order, except as provided for in a Court ordered moratorium,
27 as well as full and timely payments of all amounts due for post-confirmation periods, shall constitute
28

1 a default of the Plan. If the Debtor fails to cure the default within ten (10) days after written notice
2 of the default from the IRS or its agents is mailed to the Debtor and the Debtor's attorney, the entire
3 imposed liability together with any unpaid current liabilities, shall become due and payable
4 immediately. Further, in the event of a default, the IRS may collect unpaid liabilities through
5 administrative collection provisions or the judicial remedies as set forth in the Internal Revenue
6 Code. The IRS shall not be required to seek modification of the automatic stay to collect any tax
7 liabilities that were not discharged by the confirmation of the Plan and from property that has been
8 revested with the Debtor.
9

11 The IRS shall be entitled to any additional interest that accrues as a result of the Debtor's
12 failure to make payments in accordance with the schedule attached hereto. **This Class is not**
13 **impaired.**
14

15 Unsecured Priority Tax Claim of the Arizona Department of Revenue (Class 4) - Claim No.
16 3-1

17 The Arizona Department of Revenue ("ADOR") shall have a priority claim in the amount
18 of \$5.78. The ADOR's priority claim shall be paid with interest at the statutory rate as set forth in
19 ARS § 42-1123(A), that is in effect during the month that the Plan is confirmed, as required by 11
20 U.S.C. §511 on the effective date of the Plan. Payment shall be made payable to the **Arizona**
21 **Attorney General** and sent to the following address:
22
23

24 Christopher Dylla, Esq.
25 Bankruptcy & Collection Enforcement Section
26 1275 West Washington
27 Phoenix, AZ 85007
28

The Debtor's failure to comply with the Plan provisions concerning the liability owed to the ADOR, which includes, but not limited to, the failure to make the full and timely payments of all amounts due under the Confirmation Order as well as full and timely payments of all amounts due for post-confirmation periods, shall constitute a default of the Plan. If the Debtor fails to cure the default within ten (10) days after written notice of the default from either the ADOR or its agents, the entire balance due ADOR shall be immediately due and owing. Further, in the event of a default, ADOR may enforce the entire amount of its claim, exercise any and all rights and remedies under applicable non-bankruptcy law which includes, but is not limited to, state tax collection procedures, and obtain any other such relief deemed appropriate by the Bankruptcy. **This Class is not impaired.**

General Unsecured Claims (Class 5)

All allowed and approved claims under this Class shall be paid in full from all funds available for distribution as set forth in the Disbursement Schedule attached hereto as **Exhibit "A"**. Interest in this Class shall not be paid unless required by law. It is anticipated that payments under this Class shall begin in the 24th month of the Plan, after payment in full of all allowed administrative expenses and the priority tax claims, at the starting rate of \$3,000.00 with a maximum rate of \$10,000.00 per month thereafter, disbursed on a pro rata basis. **This Class is impaired.** Class 5 shall be made up of the following creditors:

<u>Creditor Name</u>	<u>Claim No.</u>	<u>Claim Amount</u>	<u>Projected Dividend</u>
All Awards by Teresa	1	\$ 8,000.00	\$ 8,000.00
IRS (general claim)	2-4	\$ 2,706.42	\$ 2,706.42
ADOR (general claim)	3-1	\$ 181.65	\$ 181.65
Barbara Burton	4	\$ 25,000.00	\$ 25,000.00
DLI Assets Bravo, LLC (Quarterspt)	5	\$130,327.42	\$130,327.42
Loan Me	6	\$ 70,121.87	\$ 70,121.87

1	Blue Vine	NC	\$ 19,846.00	\$ 19,846.00
2	Forward Financing	NC	\$ 66,466.00	\$ 66,466.00
3	Blue Square Resolutions	NC	\$ 72,071.00	\$ 72,071.00
4	Cascade Capital Group	NC	\$110,000.00	\$110,000.00
5	Fundbox	NC	\$ 8,150.00	\$ 8,150.00
6	Lewis Brisbois	NC	\$ 2,940.00	\$ 2,940.00
7	Regal Pawn	NC	\$ 63,083.00	\$ 63,083.00
8	Thomas S. Freneaux (insider)	NC	\$ 48,000.00	\$ 0.00
9	Valley Wide Security LLC	7	\$ 4,083.20	\$ 4,083.20
10	Arizona PBS	NC	\$ 3,166.33	\$ 3,166.33
11	Employmentguide.com	NC	\$ 875.00	\$ 875.00
12	New Times	NC	\$ 700.00	\$ 700.00
13	Hamel Properties	NC	\$ 26,800.00	\$ 26,800.00
14	Brimleys White Glove Chemdry	NC	\$ 551.00	\$ 551.00
15	TOTAL		\$663,068.89*	\$615,068.80

*Includes amount owed to insider that is not provided for in the Projected Dividend column.

Debtor's Interest (Class 6).

Debtor shall retain all of the legal and equitable interest in assets of this estate, as all reconciliation issues have been met. All estate property shall vest in the Debtor at confirmation.

This is a non voting class.

VI. DISPUTED CLAIMS

The Debtor reserves the right to verify and object to any proof of claim. Payment of disputed claims shall be made only after agreement has been reached between the Debtor and the Creditor or upon the order of the Court. Any and all objections to proofs of claim will be filed within sixty (60) days of the Effective Date of this plan or will be waived.

The following claims are "disputed" and unless otherwise "allowed" shall not be paid under the Plan. A Claims Bar Date was issued by the Court and as of the filing of the Disclosure Statement, none of the disputed creditors have filed claims. The claims bar date is November 1, 2018. If any of the below claims are deemed "allowed" they shall be paid under Class 5.

Yellowstone Capital LLC
Yes Funding Services LLC/CAPCALL, LLC
Malinka CPA
Gerald (Jeremy) Jones
Northern Leasing Systems Inc.

VII. EXECUTORY CONTRACTS

The Debtor has assumed the following non-residential real property leases by Order of the Court:

Premises	Landlord	Date of Court Order
7000 E. Shea Blvd Suite H-1910 Scottsdale, AZ 85254	New East Shea, LLC	July 31, 2018
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1835 E Elliot Road Suite 103-104 Tempe, AZ 85284	Pollack Royal Palm Plaza, LLC	August 15, 2018
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VIII. MEANS OF EXECUTION/PROJECTION

This Plan will be a base Plan with payments of all approved and allowed claims to be made as set forth in the attached Disbursement Schedule. The funds necessary for the satisfaction of all approved and allowed claims will be derived from the Debtor's income from its operations.

The Debtor reserves the right to accelerate payment under the Plan from financing obtained either from third party financing or in the event that its revenues permit it to do so. Debtor believes that by virtue of the Plan that it will have the ability to pay all allowed and approved claims pursuant

1 to the Plan of Reorganization.

2 **IX. QUARTERLY FEES AND REPORTS**

3
4 Debtor shall continue to pay quarterly fees to the U.S. Trustee System until such time as a
5 Final Decree has been entered in this matter by the Court, closing this Chapter 11 proceeding.
6 Debtor shall continue to file monthly operating reports until such time as the Court enters an Order
7 confirming this Chapter 11 Plan of Reorganization. At such time, Debtor shall cease filing monthly
8 operating reports and shall begin filing 90 day reports. These 90 day reports shall be filed until such
9 time as a Final Decree has been entered in this matter by the Court, closing this Chapter 11
10 proceeding.
11

12 **X. IMPLEMENTATION AND CONSUMMATION OF PLAN**

13
14 The terms of the Plan subsequent to confirmation shall bind the Debtor, any entity acquiring
15 property under the Plan, and creditor or claimant, whether or not such creditor or claimant has
16 accepted the Plan. All property of the estate shall vest in the Debtor and shall be free from
17 attachment, levy, garnishment or execution by creditors bound by the Plan. It shall be the obligation
18 of each creditor participating under the Plan to keep the Debtor advised of its current mailing
19 address. In the event any payments tendered to creditors are mailed, postage prepaid, addressed (1)
20 to the address specified in the Debtor's schedules and statement, (2) to the address specified in any
21 proof of claim filed by a creditor or claimant herein or (3) to the address provided by any such
22 creditor or claimant for purposes of distribution, and if subsequently the Post Office returns such
23 distribution due to a lack or insufficiency of address or forwarding address, the Debtor shall retain
24 such distribution for a period of six months. Thereafter, the distribution shall revert to the Debtor
25 without further Order of the Court and free and clear of any claim of the named distributee. The
26
27
28

1 Debtor shall thereafter not be required to mail subsequent distributions to any creditor for whom a
2 distribution has been returned by the Post Office. The Debtor reserve the right to modify the Plan
3 in accordance with §1127 of the Bankruptcy Code. The Plan may be modified prior to confirmation
4 provided that the Plan still complies with §1122 and §1123 of the Bankruptcy Code. The Plan may
5 be modified subsequent to confirmation and before substantial consummation of the Plan under such
6 circumstances as may warrant such under §1123 of the Bankruptcy Code. Any holder of a claim or
7 interest that has been previously accepted or rejected a confirmed Plan, shall be deemed to have
8 accepted or rejected any subsequently modified Plan unless the holder of such claim or interest
9 changes its acceptance or rejection of the Plan within the time fixed by the Court. Confirmation of
10 the Plan discharges the debtor pursuant to 11 U.S.C. §1141.
11

12 **XI. DEFAULT**

13
14
15 The Debtors' failure to make any payment due under the Plan, except as specifically set out
16 in Class 3 and 4 herein, within sixty (60) days after demand for payment after its due date shall
17 constitute a default unless the Debtors and the affected creditor agree to delayed payment. Any event
18 of default occurring with respect to one (1) claim shall not be an event of default with respect to any
19 other claim. If any default is cured within the sixty (60) day cure period, then the Creditor shall not
20 be entitled to enforce any remedies which would be otherwise available on account of the default.
21

22 The Notice of Default shall be effective when served simultaneously upon the Debtor and
23 Debtor's counsel. Any Notice of Default must be sent in writing to both the Debtor and the Debtor's
24 counsel at the addresses listed below:
25

26 Chess Emporium, LLC.
27 7000 East Shea Blvd.
28 Suite H-1910
Scottsdale, AZ 85254

Allan D. NewDelman
Allan D. NewDelman, P.C.
80 East Columbus Avenue
Phoenix, AZ 85012

If the default is not timely cured, creditor(s) may pursue any remedy provided by the state or federal law, including foreclosing any security interest, suing on any promissory note issued or continued in effect under the Plan.

Should any creditor, under the terms of the Plan of Reorganization and the Confirmation Order provide, written Notice of Default as provided herein and the Debtor objects to said Notice of Default within the time frame provided under the Default Notice, no action may be taken by the creditor if the Debtor timely files an Objection to the Notice of Default and requests an Emergency Hearing to resolve the stated dispute. The Creditor may only proceed with its default remedies hereunder should the Court overrule Debtor's Objection or as may otherwise be directed by the Court.

XII. CLOSING OF CASE

The Debtor may seek a final decree and an Order closing this case upon the conclusion of all administrative matters and provided that the Debtor has commenced payments required to be made pursuant to the Plan of Reorganization.

ALL CREDITORS SHALL REMAIN BOUND BY TERMS AND CONDITIONS SET FORTH IN THE DEBTOR'S CHAPTER 11 PLAN OF REORGANIZATION. NO CREDITOR SHALL BE ALLOWED TO TAKE ANY COLLECTION ACTION AGAINST THE DEBTOR AS LONG AS THE DEBTOR REMAINS IN COMPLIANCE WITH HIS PLAN OF REORGANIZATION.

1 **XIII. RETENTION OF JURISDICTION**

2 The Bankruptcy Court will retain jurisdiction over this case for purposes of determining the
3 allowance of claims or objections to claims. The Court will also retain jurisdiction for purposes of
4 fixing allowances for compensation and/or for purposes of determining the allowability of any other
5 claimed administrative expenses. The Court will also retain jurisdiction for the purpose of
6 establishing bar dates and making a determination with respect to all disputed claims. Finally, the
7 Court shall retain jurisdiction for purposes of determining any dispute arising from the interpretation,
8 implementation or consummation of the Plan and to implement and enforce the provisions of the
9 Plan, including but not limited to the objection by the Debtor to any Notice of Default pursuant to
10 Article XI of the Plan or the Order Confirming. Notwithstanding anything to the contrary contained
11 herein, the Debtor shall not be bound by estoppel, the principles of res judicata or collateral estoppel
12 with respect to any term or provision contained herein in the event the Plan is not confirmed.
13
14
15

16 DATED this _____ day of _____, 2018.

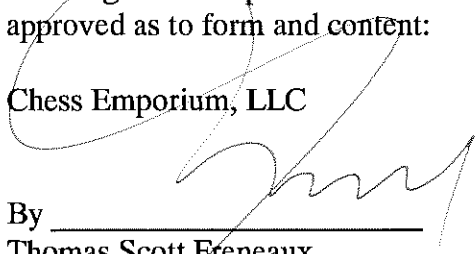
17 ALLAN D. NEWDELMAN, P.C.

18 
19 /s/ADN 004066

20 Allan D. NewDelman, Esq.
21 Attorney for Debtor
22
23
24
25
26
27
28

1 The above 14 page Chapter 11 Plan
2 of Reorganization plus exhibits are
3 approved as to form and content:

4 Chess Emporium, LLC

5 
6 By _____
7 Thomas Scott Freneaux,
8 Managing Member
9
10
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**EXHIBIT “A”
TO THE CHAPTER 11 PLAN**

CHESS EMPORIUM LLC
USBC 2:18-bk-05826 BKM
Distribution of Payments to be Made Under Chapter 11 Plan

Payment Period	ADN Admin Claim	The AltKey (Steve Parker) Admin Claim	IRS Priority Claim Creditors	General Unsecured Creditors	Total Monthly Payment
Month 1	1,166.67	1,833.33	0.00	0.00	3,000.00
Month 2	1,166.67	1,833.33	0.00	0.00	3,000.00
Month 3	1,166.67	1,833.33	0.00	0.00	3,000.00
Month 4	1,166.67	1,833.33	0.00	0.00	3,000.00
Month 5	1,166.67	1,833.33	0.00	0.00	3,000.00
Month 6	1,166.67	1,833.33	0.00	0.00	3,000.00
Month 7	1,166.67	1,833.33	0.00	0.00	3,000.00
Month 8	1,166.67	1,833.33	0.00	0.00	3,000.00
Month 9	1,166.67	1,833.33	0.00	0.00	3,000.00
Month 10	1,166.67	1,833.33	0.00	0.00	3,000.00
Month 11	690.01	2,251.87	0.00	0.00	2,941.88
Month 12	0.00	0.00	3,000.00	0.00	3,000.00
YEAR 1 TOTALS	\$12,356.71	\$20,585.17	\$3,000.00	\$0.00	\$35,941.88

CHESS EMPORIUM LLC
USBC 2:18-bk-05826 BKM
Distribution of Payments to be Made Under Chapter 11 Plan

Payment Period	ADN Admin Claim	The AltKey (Steve Parker) Admin Claim	IRS Priority Claim Creditors	General Unsecured Creditors	Total Monthly Payment
Month 13	0.00	0.00	3,000.00	0.00	3,000.00
Month 14	0.00	0.00	3,000.00	0.00	3,000.00
Month 15	0.00	0.00	3,000.00	0.00	3,000.00
Month 16	0.00	0.00	3,000.00	0.00	3,000.00
Month 17	0.00	0.00	3,000.00	0.00	3,000.00
Month 18	0.00	0.00	3,000.00	0.00	3,000.00
Month 19	0.00	0.00	3,000.00	0.00	3,000.00
Month 20	0.00	0.00	3,000.00	0.00	3,000.00
Month 21	0.00	0.00	3,000.00	0.00	3,000.00
Month 22	0.00	0.00	3,000.00	0.00	3,000.00
Month 23	0.00	0.00	977.61	0.00	977.61
Month 24	0.00	0.00	0.00	3,000.00	3,000.00
YEAR 2 TOTALS	\$0.00	\$0.00	\$30,977.61	\$3,000.00	\$33,977.61

CHESS EMPORIUM LLC
USBC 2:18-bk-05826 BKM
Distribution of Payments to be Made Under Chapter 11 Plan

Payment Period	ADN Admin Claim	The AltKey (Steve Parker) Admin Claim	IRS Priority Claim Creditors	General Unsecured Creditors	Total Monthly Payment
Month 25	0.00	0.00	0.00	10,000.00	10,000.00
Month 26	0.00	0.00	0.00	10,000.00	10,000.00
Month 27	0.00	0.00	0.00	10,000.00	10,000.00
Month 28	0.00	0.00	0.00	10,000.00	10,000.00
Month 29	0.00	0.00	0.00	10,000.00	10,000.00
Month 30	0.00	0.00	0.00	10,000.00	10,000.00
Month 31	0.00	0.00	0.00	10,000.00	10,000.00
Month 32	0.00	0.00	0.00	10,000.00	10,000.00
Month 33	0.00	0.00	0.00	10,000.00	10,000.00
Month 34	0.00	0.00	0.00	10,000.00	10,000.00
Month 35	0.00	0.00	0.00	10,000.00	10,000.00
Month 36	0.00	0.00	0.00	10,000.00	10,000.00
YEAR 3 TOTALS	\$0.00	\$0.00	\$0.00	\$120,000.00	\$120,000.00

CHESS EMPORIUM LLC
USBC 2:18-bk-05826 BKM
Distribution of Payments to be Made Under Chapter 11 Plan

Payment Period	ADN Admin Claim	The AltKey (Steve Parker) Admin Claim	IRS Priority Claim Creditors	General Unsecured Creditors	Total Monthly Payment
Month 37	0.00	0.00	0.00	10,000.00	10,000.00
Month 38	0.00	0.00	0.00	10,000.00	10,000.00
Month 39	0.00	0.00	0.00	10,000.00	10,000.00
Month 40	0.00	0.00	0.00	10,000.00	10,000.00
Month 41	0.00	0.00	0.00	10,000.00	10,000.00
Month 42	0.00	0.00	0.00	10,000.00	10,000.00
Month 43	0.00	0.00	0.00	10,000.00	10,000.00
Month 44	0.00	0.00	0.00	10,000.00	10,000.00
Month 45	0.00	0.00	0.00	10,000.00	10,000.00
Month 46	0.00	0.00	0.00	10,000.00	10,000.00
Month 47	0.00	0.00	0.00	10,000.00	10,000.00
Month 48	0.00	0.00	0.00	10,000.00	10,000.00
YEAR 4 TOTALS	\$0.00	\$0.00	\$0.00	\$120,000.00	\$120,000.00

CHESS EMPORIUM LLC
USBC 2:18-bk-05826 BKM
Distribution of Payments to be Made Under Chapter 11 Plan

Payment Period	ADN Admin Claim	The AltKey (Steve Parker) Admin Claim	IRS Priority Claim Creditors	General Unsecured Creditors	Total Monthly Payment
Month 49	0.00	0.00	0.00	10,000.00	10,000.00
Month 50	0.00	0.00	0.00	10,000.00	10,000.00
Month 51	0.00	0.00	0.00	10,000.00	10,000.00
Month 52	0.00	0.00	0.00	10,000.00	10,000.00
Month 53	0.00	0.00	0.00	10,000.00	10,000.00
Month 54	0.00	0.00	0.00	10,000.00	10,000.00
Month 55	0.00	0.00	0.00	10,000.00	10,000.00
Month 56	0.00	0.00	0.00	10,000.00	10,000.00
Month 57	0.00	0.00	0.00	10,000.00	10,000.00
Month 58	0.00	0.00	0.00	10,000.00	10,000.00
Month 59	0.00	0.00	0.00	10,000.00	10,000.00
Month 60	0.00	0.00	0.00	10,000.00	10,000.00
YEAR 5 TOTALS	\$0.00	\$0.00	\$0.00	\$120,000.00	\$120,000.00

CHESS EMPORIUM LLC
USBC 2:18-bk-05826 BKM
Distribution of Payments to be Made Under Chapter 11 Plan

Payment Period	ADN Admin Claim	The AltKey (Steve Parker) Admin Claim	IRS Priority Claim Creditors	General Unsecured Creditors	Total Monthly Payment
Month 61	0.00	0.00	0.00	10,000.00	10,000.00
Month 62	0.00	0.00	0.00	10,000.00	10,000.00
Month 63	0.00	0.00	0.00	10,000.00	10,000.00
Month 64	0.00	0.00	0.00	10,000.00	10,000.00
Month 65	0.00	0.00	0.00	10,000.00	10,000.00
Month 66	0.00	0.00	0.00	10,000.00	10,000.00
Month 67	0.00	0.00	0.00	10,000.00	10,000.00
Month 68	0.00	0.00	0.00	10,000.00	10,000.00
Month 69	0.00	0.00	0.00	10,000.00	10,000.00
Month 70	0.00	0.00	0.00	10,000.00	10,000.00
Month 71	0.00	0.00	0.00	10,000.00	10,000.00
Month 72	0.00	0.00	0.00	10,000.00	10,000.00
YEAR 6 TOTALS	\$0.00	\$0.00	\$0.00	\$120,000.00	\$120,000.00

CHESS EMPORIUM LLC
USBC 2:18-bk-05826 BKM
Distribution of Payments to be Made Under Chapter 11 Plan

Payment Period	ADN Admin Claim	The AltKey (Steve Parker) Admin Claim	IRS Priority Claim Creditors	General Unsecured Creditors	Total Monthly Payment
Month 73	0.00	0.00	0.00	10,000.00	10,000.00
Month 74	0.00	0.00	0.00	10,000.00	10,000.00
Month 75	0.00	0.00	0.00	10,000.00	10,000.00
Month 76	0.00	0.00	0.00	10,000.00	10,000.00
Month 77	0.00	0.00	0.00	10,000.00	10,000.00
Month 78	0.00	0.00	0.00	10,000.00	10,000.00
Month 79	0.00	0.00	0.00	10,000.00	10,000.00
Month 80	0.00	0.00	0.00	10,000.00	10,000.00
Month 81	0.00	0.00	0.00	10,000.00	10,000.00
Month 82	0.00	0.00	0.00	10,000.00	10,000.00
Month 83	0.00	0.00	0.00	10,000.00	10,000.00
Month 84	0.00	0.00	0.00	10,000.00	10,000.00
YEAR 7 TOTALS	\$0.00	\$0.00	\$0.00	\$120,000.00	\$120,000.00
Month 85	0.00	0.00	0.00	10,000.00	10,000.00
Month 86	0.00	0.00	0.00	2,068.89	2,068.89
YEAR 8 TOTALS	\$0.00	\$0.00	\$0.00	\$12,068.89	\$12,068.89
GRAND TOTALS	\$12,356.71	\$20,585.17	\$33,977.61	\$615,068.89	\$681,988.38

Chess Emporium LLC
USBC 2:18-bk-05826 BKM
Pro Rata Share for Unsecured Creditors
Recap

Creditor Name	Claim No.	Amount of Claim	Percentage of Total Claim	Monthly Payment	Amount to be Paid
All Awards by Teresa	1-	8,000.00	1.30%	615,068.89	8,000.00
IRS (general claim)	2-4-	2,706.42	0.44%	615,068.89	2,706.42
ADOR (general claim)	3-1-	181.65	0.03%	615,068.89	181.65
Barbara Burton	4-	25,000.00	4.06%	615,068.89	25,000.00
DLI Assets Bravo LLC (Quarterspot)	5-	130,327.42	21.19%	615,068.89	130,327.42
Loan Me	6-	70,121.87	11.40%	615,068.89	70,121.87
Blue Vine	NC	19,846.00	3.23%	615,068.89	19,846.00
Forward Financing	NC	66,466.00	10.81%	615,068.89	66,466.00
Blue Square Resolutions	NC	72,071.00	11.72%	615,068.89	72,071.00
Cascade Capital Group	NC	110,000.00	17.88%	615,068.89	110,000.00
Fundbox	NC	8,150.00	1.33%	615,068.89	8,150.00
Lewis Brisbois	NC	2,940.00	0.48%	615,068.89	2,940.00
Regal Pawn	NC	63,083.00	10.26%	615,068.89	63,083.00
Thomas S. Freneaux (insider)	NC	0.00	0.00%	615,068.89	0.00
Valley Wide Security LLC	7	4,083.20	0.66%	615,068.89	4,083.20
Arizona PBS	NC	3,166.33	0.51%	615,068.89	3,166.33
Employmentguide.com	NC	875.00	0.14%	615,068.89	875.00
New Times	NC	700.00	0.11%	615,068.89	700.00
Hamel Properties	NC	26,800.00	4.36%	615,068.89	26,800.00
Brimleys White Glove Chemdry	NC	551.00	0.09%	615,068.89	551.00
TOTALS		\$615,068.89	100.00%		\$615,068.89

Chess Emporium LLC
USBC 2:18-bk-05826 BKM
Pro Rata Share for Unsecured Creditors
Month 24

Creditor Name	Claim No.	Amount of Claim	Percentage of Total Claim	Monthly Payment	Amount to be Paid
All Awards by Teresa	1-	8,000.00	1.30%	3,000.00	39.02
IR6 (general claim)	2-4-	2,706.42	0.44%	3,000.00	13.20
ADOR (general claim)	3-1-	181.65	0.03%	3,000.00	0.89
Barbara Burton	4-	25,000.00	4.06%	3,000.00	121.94
DLI Assets Bravo LLC (Quarterspot)	5-	130,327.42	21.19%	3,000.00	635.67
Loan Me	6-	70,121.87	11.40%	3,000.00	342.02
Blue Vine	NC	19,846.00	3.23%	3,000.00	96.80
Forward Financing	NC	66,466.00	10.81%	3,000.00	324.19
Blue Square Resolutions	NC	72,071.00	11.72%	3,000.00	351.53
Cascade Capital Group	NC	110,000.00	17.88%	3,000.00	536.53
Fundbox	NC	8,150.00	1.33%	3,000.00	39.75
Lewis Brisbois	NC	2,940.00	0.48%	3,000.00	14.34
Regal Pawn	NC	63,083.00	10.26%	3,000.00	307.69
Thomas S. Freneaux (insider)	NC	0.00	0.00%	3,000.00	0.00
Valley Wide Security LLC	7	4,083.20	0.66%	3,000.00	19.92
Arizona PBS	NC	3,166.33	0.51%	3,000.00	15.44
Employmentguide.com	NC	875.00	0.14%	3,000.00	4.27
New Times	NC	700.00	0.11%	3,000.00	3.41
Hamel Properties	NC	26,800.00	4.36%	3,000.00	130.72
Brimleys White Glove Chemdry	NC	551.00	0.09%	3,000.00	2.69
TOTALS		\$615,068.89	100.00%		\$3,000.00

Chess Emporium LLC
USBC 2:18-bk-05826 BKM
Pro Rata Share for Unsecured Creditors
Months 25 thru 85

Creditor Name	Claim No.	Amount of Claim	Percentage of Total Claim	Monthly Payment	Amount to be Paid
All Awards by Teresa	1-	8,000.00	1.30%	10,000.00	130.07
IR6 (general claim)	2-4-	2,706.42	0.44%	10,000.00	44.00
ADOR (general claim)	3-1-	181.65	0.03%	10,000.00	2.95
Barbara Burton	4-	25,000.00	4.06%	10,000.00	406.46
DLI Assets Bravo LLC (Quarterspot)	5-	130,327.42	21.19%	10,000.00	2,118.91
Loan Me	6-	70,121.87	11.40%	10,000.00	1,140.07
Blue Vine	NC	19,846.00	3.23%	10,000.00	322.66
Forward Financing	NC	66,466.00	10.81%	10,000.00	1,080.63
Blue Square Resolutions	NC	72,071.00	11.72%	10,000.00	1,171.75
Cascade Capital Group	NC	110,000.00	17.88%	10,000.00	1,788.42
Fundbox	NC	8,150.00	1.33%	10,000.00	132.51
Lewis Brisbois	NC	2,940.00	0.48%	10,000.00	47.80
Regal Pawn	NC	63,083.00	10.26%	10,000.00	1,025.62
Thomas S. Freneaux (insider)	NC	0.00	0.00%	10,000.00	0.00
Valley Wide Security LLC	7	4,083.20	0.66%	10,000.00	66.39
Arizona PBS	NC	3,166.33	0.51%	10,000.00	51.48
Employmentguide.com	NC	875.00	0.14%	10,000.00	14.23
New Times	NC	700.00	0.11%	10,000.00	11.38
Hamel Properties	NC	26,800.00	4.36%	10,000.00	435.72
Brimleys White Glove Chemdry	NC	551.00	0.09%	10,000.00	8.96
TOTALS		\$615,068.89	100.00%		\$10,000.00

Chess Emporium LLC
USBC 2:18-bk-05826 BKM
Pro Rata Share for Unsecured Creditors
Month 86

Creditor Name	Claim No.	Amount of Claim	Percentage of Total Claim	Monthly Payment	Amount to be Paid
All Awards by Teresa	1-	8,000.00	1.30%	2,068.89	26.91
IR6 (general claim)	2-4-	2,706.42	0.44%	2,068.89	9.10
ADOR (general claim)	3-1-	181.65	0.03%	2,068.89	0.61
Barbara Burton	4-	25,000.00	4.06%	2,068.89	84.09
DLI Assets Bravo LLC (Quarterspot)	5-	130,327.42	21.19%	2,068.89	438.38
Loan Me	6-	70,121.87	11.40%	2,068.89	235.87
Blue Vine	NC	19,846.00	3.23%	2,068.89	66.76
Forward Financing	NC	66,466.00	10.81%	2,068.89	223.57
Blue Square Resolutions	NC	72,071.00	11.72%	2,068.89	242.42
Cascade Capital Group	NC	110,000.00	17.88%	2,068.89	370.00
Fundbox	NC	8,150.00	1.33%	2,068.89	27.41
Lewis Brisbois	NC	2,940.00	0.48%	2,068.89	9.89
Regal Pawn	NC	63,083.00	10.26%	2,068.89	212.19
Thomas S. Freneaux (insider)	NC	0.00	0.00%	2,068.89	0.00
Valley Wide Security LLC	7	4,083.20	0.66%	2,068.89	13.73
Arizona PBS	NC	3,166.33	0.51%	2,068.89	10.65
Employmentguide.com	NC	875.00	0.14%	2,068.89	2.94
New Times	NC	700.00	0.11%	2,068.89	2.35
Hamel Properties	NC	26,800.00	4.36%	2,068.89	90.15
Brimleys White Glove Chemdry	NC	551.00	0.09%	2,068.89	1.85
TOTALS		\$615,068.89	100.00%		\$2,068.89

**EXHIBIT “B”
TO THE DISCLOSURE STATEMENT**

CHESS EMPORIUM LLC
USBC 2:18-bk-05826 BKM
Distribution of Payments to be Made Under Chapter 11 Plan

Payment Period	ADN Admin Claim	The AltKey (Steve Parker) Admin Claim	IRS Priority Claim Creditors	General Unsecured Creditors	Total Monthly Payment
Month 1	1,166.67	1,833.33	0.00	0.00	3,000.00
Month 2	1,166.67	1,833.33	0.00	0.00	3,000.00
Month 3	1,166.67	1,833.33	0.00	0.00	3,000.00
Month 4	1,166.67	1,833.33	0.00	0.00	3,000.00
Month 5	1,166.67	1,833.33	0.00	0.00	3,000.00
Month 6	1,166.67	1,833.33	0.00	0.00	3,000.00
Month 7	1,166.67	1,833.33	0.00	0.00	3,000.00
Month 8	1,166.67	1,833.33	0.00	0.00	3,000.00
Month 9	1,166.67	1,833.33	0.00	0.00	3,000.00
Month 10	1,166.67	1,833.33	0.00	0.00	3,000.00
Month 11	690.01	2,251.87	0.00	0.00	2,941.88
Month 12	0.00	0.00	3,000.00	0.00	3,000.00
YEAR 1 TOTALS	\$12,356.71	\$20,585.17	\$3,000.00	\$0.00	\$35,941.88

CHESS EMPORIUM LLC
USBC 2:18-bk-05826 BKM
Distribution of Payments to be Made Under Chapter 11 Plan

Payment Period	ADN Admin Claim	The AltKey (Steve Parker) Admin Claim	IRS Priority Claim Creditors	General Unsecured Creditors	Total Monthly Payment
Month 13	0.00	0.00	3,000.00	0.00	3,000.00
Month 14	0.00	0.00	3,000.00	0.00	3,000.00
Month 15	0.00	0.00	3,000.00	0.00	3,000.00
Month 16	0.00	0.00	3,000.00	0.00	3,000.00
Month 17	0.00	0.00	3,000.00	0.00	3,000.00
Month 18	0.00	0.00	3,000.00	0.00	3,000.00
Month 19	0.00	0.00	3,000.00	0.00	3,000.00
Month 20	0.00	0.00	3,000.00	0.00	3,000.00
Month 21	0.00	0.00	3,000.00	0.00	3,000.00
Month 22	0.00	0.00	3,000.00	0.00	3,000.00
Month 23	0.00	0.00	977.61	0.00	977.61
Month 24	0.00	0.00	0.00	3,000.00	3,000.00
YEAR 2 TOTALS	\$0.00	\$0.00	\$30,977.61	\$3,000.00	\$33,977.61

CHESS EMPORIUM LLC
USBC 2:18-bk-05826 BKM
Distribution of Payments to be Made Under Chapter 11 Plan

Payment Period	ADN Admin Claim	The AltKey (Steve Parker) Admin Claim	IRS Priority Claim Creditors	General Unsecured Creditors	Total Monthly Payment
Month 25	0.00	0.00	0.00	10,000.00	10,000.00
Month 26	0.00	0.00	0.00	10,000.00	10,000.00
Month 27	0.00	0.00	0.00	10,000.00	10,000.00
Month 28	0.00	0.00	0.00	10,000.00	10,000.00
Month 29	0.00	0.00	0.00	10,000.00	10,000.00
Month 30	0.00	0.00	0.00	10,000.00	10,000.00
Month 31	0.00	0.00	0.00	10,000.00	10,000.00
Month 32	0.00	0.00	0.00	10,000.00	10,000.00
Month 33	0.00	0.00	0.00	10,000.00	10,000.00
Month 34	0.00	0.00	0.00	10,000.00	10,000.00
Month 35	0.00	0.00	0.00	10,000.00	10,000.00
Month 36	0.00	0.00	0.00	10,000.00	10,000.00
YEAR 3 TOTALS	\$0.00	\$0.00	\$0.00	\$120,000.00	\$120,000.00

CHESS EMPORIUM LLC**USBC 2:18-bk-05826 BKM****Distribution of Payments to be Made Under Chapter 11 Plan**

Payment Period	ADN Admin Claim	The AltKey (Steve Parker) Admin Claim	IRS Priority Claim Creditors	General Unsecured Creditors	Total Monthly Payment
Month 37	0.00	0.00	0.00	10,000.00	10,000.00
Month 38	0.00	0.00	0.00	10,000.00	10,000.00
Month 39	0.00	0.00	0.00	10,000.00	10,000.00
Month 40	0.00	0.00	0.00	10,000.00	10,000.00
Month 41	0.00	0.00	0.00	10,000.00	10,000.00
Month 42	0.00	0.00	0.00	10,000.00	10,000.00
Month 43	0.00	0.00	0.00	10,000.00	10,000.00
Month 44	0.00	0.00	0.00	10,000.00	10,000.00
Month 45	0.00	0.00	0.00	10,000.00	10,000.00
Month 46	0.00	0.00	0.00	10,000.00	10,000.00
Month 47	0.00	0.00	0.00	10,000.00	10,000.00
Month 48	0.00	0.00	0.00	10,000.00	10,000.00
YEAR 4 TOTALS	\$0.00	\$0.00	\$0.00	\$120,000.00	\$120,000.00

CHESS EMPORIUM LLC
USBC 2:18-bk-05826 BKM
Distribution of Payments to be Made Under Chapter 11 Plan

Payment Period	ADN Admin Claim	The AltKey (Steve Parker) Admin Claim	IRS Priority Claim Creditors	General Unsecured Creditors	Total Monthly Payment
Month 49	0.00	0.00	0.00	10,000.00	10,000.00
Month 50	0.00	0.00	0.00	10,000.00	10,000.00
Month 51	0.00	0.00	0.00	10,000.00	10,000.00
Month 52	0.00	0.00	0.00	10,000.00	10,000.00
Month 53	0.00	0.00	0.00	10,000.00	10,000.00
Month 54	0.00	0.00	0.00	10,000.00	10,000.00
Month 55	0.00	0.00	0.00	10,000.00	10,000.00
Month 56	0.00	0.00	0.00	10,000.00	10,000.00
Month 57	0.00	0.00	0.00	10,000.00	10,000.00
Month 58	0.00	0.00	0.00	10,000.00	10,000.00
Month 59	0.00	0.00	0.00	10,000.00	10,000.00
Month 60	0.00	0.00	0.00	10,000.00	10,000.00
YEAR 5 TOTALS	\$0.00	\$0.00	\$0.00	\$120,000.00	\$120,000.00

CHESS EMPORIUM LLC
USBC 2:18-bk-05826 BKM
Distribution of Payments to be Made Under Chapter 11 Plan

Payment Period	ADN Admin Claim	The AltKey (Steve Parker) Admin Claim	IRS Priority Claim Creditors	General Unsecured Creditors	Total Monthly Payment
Month 61	0.00	0.00	0.00	10,000.00	10,000.00
Month 62	0.00	0.00	0.00	10,000.00	10,000.00
Month 63	0.00	0.00	0.00	10,000.00	10,000.00
Month 64	0.00	0.00	0.00	10,000.00	10,000.00
Month 65	0.00	0.00	0.00	10,000.00	10,000.00
Month 66	0.00	0.00	0.00	10,000.00	10,000.00
Month 67	0.00	0.00	0.00	10,000.00	10,000.00
Month 68	0.00	0.00	0.00	10,000.00	10,000.00
Month 69	0.00	0.00	0.00	10,000.00	10,000.00
Month 70	0.00	0.00	0.00	10,000.00	10,000.00
Month 71	0.00	0.00	0.00	10,000.00	10,000.00
Month 72	0.00	0.00	0.00	10,000.00	10,000.00
YEAR 6 TOTALS	\$0.00	\$0.00	\$0.00	\$120,000.00	\$120,000.00

CHESS EMPORIUM LLC
USBC 2:18-bk-05826 BKM
Distribution of Payments to be Made Under Chapter 11 Plan

Payment Period	ADN Admin Claim	The AltKey (Steve Parker) Admin Claim	IRS Priority Claim Creditors	General Unsecured Creditors	Total Monthly Payment
Month 73	0.00	0.00	0.00	10,000.00	10,000.00
Month 74	0.00	0.00	0.00	10,000.00	10,000.00
Month 75	0.00	0.00	0.00	10,000.00	10,000.00
Month 76	0.00	0.00	0.00	10,000.00	10,000.00
Month 77	0.00	0.00	0.00	10,000.00	10,000.00
Month 78	0.00	0.00	0.00	10,000.00	10,000.00
Month 79	0.00	0.00	0.00	10,000.00	10,000.00
Month 80	0.00	0.00	0.00	10,000.00	10,000.00
Month 81	0.00	0.00	0.00	10,000.00	10,000.00
Month 82	0.00	0.00	0.00	10,000.00	10,000.00
Month 83	0.00	0.00	0.00	10,000.00	10,000.00
Month 84	0.00	0.00	0.00	10,000.00	10,000.00
YEAR 7 TOTALS	\$0.00	\$0.00	\$0.00	\$120,000.00	\$120,000.00
Month 85	0.00	0.00	0.00	10,000.00	10,000.00
Month 86	0.00	0.00	0.00	2,068.89	2,068.89
YEAR 8 TOTALS	\$0.00	\$0.00	\$0.00	\$12,068.89	\$12,068.89
GRAND TOTALS	\$12,356.71	\$20,585.17	\$33,977.61	\$615,068.89	\$681,988.38

Chess Emporium LLC
USBC 2:18-bk-05826 BKM
Pro Rata Share for Unsecured Creditors
Recap

Creditor Name	Claim No.	Amount of Claim	Percentage of Total Claim	Monthly Payment	Amount to be Paid
All Awards by Teresa	1-	8,000.00	1.30%	615,068.89	8,000.00
IRS (general claim)	2-4-	2,706.42	0.44%	615,068.89	2,706.42
ADOR (general claim)	3-1-	181.65	0.03%	615,068.89	181.65
Barbara Burton	4-	25,000.00	4.06%	615,068.89	25,000.00
DLI Assets Bravo LLC (Quarterspot)	5-	130,327.42	21.19%	615,068.89	130,327.42
Loan Me	6-	70,121.87	11.40%	615,068.89	70,121.87
Blue Vine	NC	19,846.00	3.23%	615,068.89	19,846.00
Forward Financing	NC	66,466.00	10.81%	615,068.89	66,466.00
Blue Square Resolutions	NC	72,071.00	11.72%	615,068.89	72,071.00
Cascade Capital Group	NC	110,000.00	17.88%	615,068.89	110,000.00
Fundbox	NC	8,150.00	1.33%	615,068.89	8,150.00
Lewis Brisbois	NC	2,940.00	0.48%	615,068.89	2,940.00
Regal Pawn	NC	63,083.00	10.26%	615,068.89	63,083.00
Thomas S. Freneaux (insider)	NC	0.00	0.00%	615,068.89	0.00
Valley Wide Security LLC	7	4,083.20	0.66%	615,068.89	4,083.20
Arizona PBS	NC	3,166.33	0.51%	615,068.89	3,166.33
Employmentguide.com	NC	875.00	0.14%	615,068.89	875.00
New Times	NC	700.00	0.11%	615,068.89	700.00
Hamel Properties	NC	26,800.00	4.36%	615,068.89	26,800.00
Brimleys White Glove Chemdry	NC	551.00	0.09%	615,068.89	551.00
TOTALS		\$615,068.89	100.00%		\$615,068.89

Chess Emporium LLC
USBC 2:18-bk-05826 BKM
Pro Rata Share for Unsecured Creditors
Month 24

Creditor Name	Claim No.	Amount of Claim	Percentage of Total Claim	Monthly Payment	Amount to be Paid
All Awards by Teresa	1-	8,000.00	1.30%	3,000.00	39.02
IR ⁶ (general claim)	2-4-	2,706.42	0.44%	3,000.00	13.20
ADOR (general claim)	3-1-	181.65	0.03%	3,000.00	0.89
Barbara Burton	4-	25,000.00	4.06%	3,000.00	121.94
DLI Assets Bravo LLC (Quarterspot)	5-	130,327.42	21.19%	3,000.00	635.67
Loan Me	6-	70,121.87	11.40%	3,000.00	342.02
Blue Vine	NC	19,846.00	3.23%	3,000.00	96.80
Forward Financing	NC	66,466.00	10.81%	3,000.00	324.19
Blue Square Resolutions	NC	72,071.00	11.72%	3,000.00	351.53
Cascade Capital Group	NC	110,000.00	17.88%	3,000.00	536.53
Fundbox	NC	8,150.00	1.33%	3,000.00	39.75
Lewis Brisbois	NC	2,940.00	0.48%	3,000.00	14.34
Regal Pawn	NC	63,083.00	10.26%	3,000.00	307.69
Thomas S. Freneaux (insider)	NC	0.00	0.00%	3,000.00	0.00
Valley Wide Security LLC	7	4,083.20	0.66%	3,000.00	19.92
Arizona PBS	NC	3,166.33	0.51%	3,000.00	15.44
Employmentguide.com	NC	875.00	0.14%	3,000.00	4.27
New Times	NC	700.00	0.11%	3,000.00	3.41
Hamel Properties	NC	26,800.00	4.36%	3,000.00	130.72
Brimleys White Glove Chemdry	NC	551.00	0.09%	3,000.00	2.69
TOTALS		\$615,068.89	100.00%		\$3,000.00

Chess Emporium LLC
USBC 2:18-bk-05826 BKM
Pro Rata Share for Unsecured Creditors
Months 25 thru 85

Creditor Name	Claim No.	Amount of Claim	Percentage of Total Claim	Monthly Payment	Amount to be Paid
All Awards by Teresa	1-	8,000.00	1.30%	10,000.00	130.07
IR6 (general claim)	2-4-	2,706.42	0.44%	10,000.00	44.00
ADOR (general claim)	3-1-	181.65	0.03%	10,000.00	2.95
Barbara Burton	4-	25,000.00	4.06%	10,000.00	406.46
DLI Assets Bravo LLC (Quarterspot)	5-	130,327.42	21.19%	10,000.00	2,118.91
Loan Me	6-	70,121.87	11.40%	10,000.00	1,140.07
Blue Vine	NC	19,846.00	3.23%	10,000.00	322.66
Forward Financing	NC	66,466.00	10.81%	10,000.00	1,080.63
Blue Square Resolutions	NC	72,071.00	11.72%	10,000.00	1,171.75
Cascade Capital Group	NC	110,000.00	17.88%	10,000.00	1,788.42
Fundbox	NC	8,150.00	1.33%	10,000.00	132.51
Lewis Brisbois	NC	2,940.00	0.48%	10,000.00	47.80
Regal Pawn	NC	63,083.00	10.26%	10,000.00	1,025.62
Thomas S. Freneaux (insider)	NC	0.00	0.00%	10,000.00	0.00
Valley Wide Security LLC	7	4,083.20	0.66%	10,000.00	66.39
Arizona PBS	NC	3,166.33	0.51%	10,000.00	51.48
Employmentguide.com	NC	875.00	0.14%	10,000.00	14.23
New Times	NC	700.00	0.11%	10,000.00	11.38
Hamel Properties	NC	26,800.00	4.36%	10,000.00	435.72
Brimleys White Glove Chemdry	NC	551.00	0.09%	10,000.00	8.96
TOTALS		\$615,068.89	100.00%		\$10,000.00

Chess Emporium LLC
USBC 2:18-bk-05826 BKM
Pro Rata Share for Unsecured Creditors
Month 86

Creditor Name	Claim No.	Amount of Claim	Percentage of Total Claim	Monthly Payment	Amount to be Paid
All Awards by Teresa	1-	8,000.00	1.30%	2,068.89	26.91
IRS (general claim)	2-4-	2,706.42	0.44%	2,068.89	9.10
ADOR (general claim)	3-1-	181.65	0.03%	2,068.89	0.61
Barbara Burton	4-	25,000.00	4.06%	2,068.89	84.09
DLI Assets Bravo LLC (Quarterspot)	5-	130,327.42	21.19%	2,068.89	438.38
Loan Me	6-	70,121.87	11.40%	2,068.89	235.87
Blue Vine	NC	19,846.00	3.23%	2,068.89	66.76
Forward Financing	NC	66,466.00	10.81%	2,068.89	223.57
Blue Square Resolutions	NC	72,071.00	11.72%	2,068.89	242.42
Cascade Capital Group	NC	110,000.00	17.88%	2,068.89	370.00
Fundbox	NC	8,150.00	1.33%	2,068.89	27.41
Lewis Brisbois	NC	2,940.00	0.48%	2,068.89	9.89
Regal Pawn	NC	63,083.00	10.26%	2,068.89	212.19
Thomas S. Freneaux (insider)	NC	0.00	0.00%	2,068.89	0.00
Valley Wide Security LLC	7	4,083.20	0.66%	2,068.89	13.73
Arizona PBS	NC	3,166.33	0.51%	2,068.89	10.65
Employmentguide.com	NC	875.00	0.14%	2,068.89	2.94
New Times	NC	700.00	0.11%	2,068.89	2.35
Hamel Properties	NC	26,800.00	4.36%	2,068.89	90.15
Brimleys White Glove Chemdry	NC	551.00	0.09%	2,068.89	1.85
TOTALS		\$615,068.89	100.00%		\$2,068.89