

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF COLORADO

IN RE:	)	
	)	
TOP SHELF SPORTS, INC	)	Case No. 17-21301-KHT
EIN: 27-1317977	)	
	)	
Debtor.	)	

**DISCLOSURE STATEMENT TO PLAN OF  
LIQUIDATION DATED MAY 7, 2018**

**INTRODUCTION**

This Disclosure Statement ("Disclosure Statement") has been prepared by Top Shelf Sports, Inc. ("Debtor" or "Top Shelf") to accompany its Chapter 11 Plan of Liquidation dated May 7, 2018 (the "Plan") which has been filed in the Debtor's Chapter 11 case. This Disclosure Statement is being provided to all creditors and interest holders of the Debtor. This Disclosure Statement is subject to final approval pursuant to 11 U.S.C. Section 1125 by the United States Bankruptcy Court for the District of Colorado as containing adequate information to enable creditors and interest holders to determine whether to accept the Debtor's Plan. The Court's approval of this Disclosure Statement does not constitute a decision on the merits of the Debtor's Plan. Issues related to the merits of the Plan and its confirmation will be the subject of a confirmation hearing, which is scheduled for \_\_\_\_\_ at \_\_\_\_\_ a.m. in Courtroom D, at the Customs House, 721 19<sup>th</sup> Street, Denver, Colorado.

**THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION. THE COMMISSION HAS SIMILARLY NOT REVIEWED THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT.**

The Plan is the governing document or contract with creditors once it is confirmed by the Court. In the event of any inconsistencies between the Plan and this Disclosure Statement, the Plan supersedes the Disclosure Statement and will be the sole Court approved document that governs the post-confirmation relationship and agreements between the parties.

This Disclosure Statement is provided to you along with a copy of the Debtor's Plan and a Ballot to be used for voting on the Plan. Please complete the Ballot according to the instructions contained on the Ballot if you intend to vote for or against the Debtor's Plan. Each creditor or interest holder may vote on the Plan by completing the enclosed Ballot and returning it to counsel for the Debtor:

Aaron A. Garber, Esq.  
Buechler & Garber, LLC  
999 18<sup>th</sup> Street, Suite 1230S  
Denver, CO 80202

This Ballot must be received by the appropriate counsel designated above by no later than **5:00 P.M. Mountain Time on \_\_\_\_\_, 2018**, which date has been set by the Court as the last day to vote on the Plan. Terms contained in this Disclosure Statement, which are defined in the Plan, have the same meaning as set forth in the definitional section of the Plan, Article II. **WARNING: IF YOU ARE A CREDITOR YOUR RIGHTS WILL BE IMPAIRED BY THE PLAN, unless otherwise indicated in the Plan.**

**Recommendation.** As discussed more fully below, the Debtor firmly believes that the Plan represents the best alternative for providing the maximum value for creditors. The Plan proposes a payment to unsecured creditors over time through the liquidation of the Debtor's assets to achieve the maximum recovery for its creditors. **Again, the Debtor strongly believes that confirmation of the Plan is in the best interests of creditors and recommends that all creditors entitled to vote on the Plan vote to accept the Plan.**

**Voting Requirements.** Pursuant to the Bankruptcy Code, only Classes of Claims or Interests that are "impaired" under the Plan are entitled to vote to accept or reject the Plan. Classes of Claims and Interests that are not impaired are not entitled to vote and are deemed to have accepted the Plan. Voting on the Plan shall be pursuant to the provisions of the Bankruptcy Code and the Bankruptcy Rules, and a Class shall have accepted the Plan if the Plan is accepted by at least two-thirds in amount and more than one-half in number of the Allowed Claims of such Class actually voting.

**Voting Classes.** Each holder of an Allowed Claim in Class 1, 2 and 3 shall be entitled to vote to accept or reject the Plan.

**Deemed Acceptance of Plan.** The Plan does not unimpaired any class. Unimpaired classes are conclusively presumed to accept the Plan pursuant to Section 1126(f) of the Bankruptcy Code.

**Deemed Rejection of Plan.** The Plan does not provide for any Class of creditors, other than Class 4 equity holders, that shall receive and retain nothing under the Plan. Classes that receive and retain nothing under the Plan are deemed to reject the Plan pursuant to Section 1126(g) of the Bankruptcy Code. Class 3 is deemed to reject.

**One Vote per Holder.** If a holder of a Claim holds more than one Claim in any one Class, all Claims of such holder in such Class shall be aggregated and deemed to be one Claim for purposes of determining the number of Claims voting for or against the Plan.

### **OVERVIEW OF THE PLAN**

The Debtor filed for relief under Chapter 11 of the Bankruptcy Code on December 13, 2017 (the "Petition Date"). The Debtor remains a Debtor-in-Possession. The Debtor operates a retail store under the name Play it Again Sports in the Littleton, Colorado area. Play it Again Sports is a franchise business, operating in multiple locations, which stores are independently owned. Play it Again Sports sells new and used sporting goods equipment. The Debtor's retail location has experienced decreased sales in recent years.

This Plan provides for the orderly liquidation of the inventory and personal property assets of the Debtor under chapter 11 of the Bankruptcy Code. Pursuant to the Plan, the Debtor shall, once the assets have been liquidated, distribute the funds to creditors in conformity with the Bankruptcy Code.

### **CHAPTER 11 AND PLAN CONFIRMATION**

Chapter 11 of the United States Bankruptcy Code is designed to allow for the rehabilitation and reorganization of financially troubled entities or individuals. Chapter 11 allows the Debtor to retain its assets during administration of its Chapter 11 case as Debtor-in-Possession and following confirmation of a Plan as reorganized Debtor or as provided in the Plan. Once confirmation of a Plan of Reorganization is approved by the Court, the Plan of Reorganization is the permanent restructuring of the Debtor's financial obligations. The Plan also provides a means through which the Debtor will repay its obligations.

The Plan of Reorganization divides creditors into classes of similarly situated creditors. All creditors of the same Class are treated in a similar fashion. All member Interests are also classified and treated alike. Each Class of creditors or interest holders is either impaired or unimpaired under the Plan. A Class is unimpaired if the Plan leaves unaltered the legal, equitable and contractual rights to which each creditor in the class is entitled. Alternatively, a claimant is unimpaired if the Plan provides for the cure of a default and reinstatement of the maturity date of the claim as it existed prior to the default.

The Bankruptcy Court set a bar date establishing February 23, 2018 as the last date for filing Proofs of Claim. The Plan provides that Claims and Interests of all Classes shall be allowed only if evidenced by a timely filed Proof of Claim or Interest or which otherwise appear in the Schedules filed by the Debtor and are not scheduled as disputed, contingent or unliquidated unless subsequently allowed by the Court. Creditors may check as to whether or not their claims have been scheduled as disputed, contingent or unliquidated by reviewing the Schedules filed by the Debtor in the Bankruptcy Court for the District of Colorado. Alternatively, creditors may contact counsel for the Debtor directly in order to determine how they have been scheduled.

Chapter 11 does not require that each holder of a Claim against or Interest in the Debtor to vote in favor of the Plan in order for the Court to confirm the Plan. The Plan, however, must be accepted by at least one impaired Class of Claims by a majority in number and two thirds in amount, without including insider acceptance, of those Claims of such Class actually voting on the Plan. Assuming one impaired Class votes to accept the Plan, it may be confirmed over its rejection by other Classes if the Court finds that the Plan does not discriminate unfairly and is fair and equitable, with respect to each Class of Claims or Interests that is impaired under and has not accepted the Plan. Generally, a plan unfairly discriminates against a class if another class of equal priority will receive greater value under the plan than the nonaccepting class without reasonable justification.

The fair and equitable requirement typically refers to the "absolute priority rule." The Bankruptcy Code requires that if interest holders retain an interest or receive anything under the Plan, then the unsecured creditor classes must either be paid the full value of their claims or vote to accept the Plan. Since the Debtor believes that the Plan provides the best alternative for creditors, all creditors are urged to vote to accept the Plan.

If all Classes of Claims and Interests vote to accept the Plan, the Court may confirm the Plan. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation. Among other things, Section 1129 requires that the Plan be in the best interest of the holders of Claims and Interests and be feasible through a showing that confirmation will not be followed by the need for further financial reorganization of the Debtor.

### **BACKGROUND AND EVENTS LEADING TO CHAPTER 11 FILING**

Play it Again Sports is a franchise business, operating in multiple locations, which stores are independently owned and sells new, used and consigned sporting goods equipment. Top Shelf was incorporated in 2009 for the purpose of purchasing a Play it Again Sports franchise. After locating a retail location in Littleton, Colorado, finalizing the franchise agreement, and developing a means for inventory, the retail location opened in 2010. Top Shelf experienced financial success and profitability for a number of years. The profitability realized from the inventory depended upon the category of the item being sold. With respect to new items Top Shelf realized a 30-50% profit, used items a 50-70% profit, and consigned goods a 50% profit. In 2012, three employees, including the store managers, employed a system of theft by: (a) recording certain inventory as being sold and stealing inventory; (b) recording proceeds from sold consigned goods as having been paid to customers and stealing the money; and (c) recoding in the system that the store purchased used inventory, not purchasing the inventory, and stealing the money. The theft caused \$250,000 in damages. Criminal charges were pressed. A civil claim was not pursued because the employees had no money from which to collect. An insurance claim was made, but the insurance company only paid \$18,000. In addition to the substantial loss from theft, retail sales are depleting primarily due to competing internet sales and a reduction in the purchase of used sporting goods equipment. The culmination of these events caused the Debtor to seek relief under Chapter 11 of the Bankruptcy Code.

### **CURRENT MANAGEMENT**

The Debtor is managed by David Bolle. Mr. Bolle will continue in his managerial role

post-Petition Date to oversee the liquidation of the Debtor's assets and the making of plan payments.

### **HISTORICAL PERFORMANCE OF TOP SHELF**

Attached hereto as Exhibit A is a summary of Top Shelf's performance during the bankruptcy case.

### **DESCRIPTION OF ASSETS**

The values for the Debtor's primary assets, as of Petition Date, unless otherwise indicated, are as follows:

<u>Asset</u>	<u>Market Value</u>
Cash (March 1, 2018)	\$7,232
Furniture, Fixtures, Equipment	\$19,000
New Inventory (retail value):	\$265,704
Used Inventory (retail value):	\$304,970
Cosigned Inventory (retail value):	\$84,690
Total:	\$681,596

The Debtor's assets have the values listed above. In a liquidation, the assets will bring a lower recovery than retail value. The Debtor's assets are unencumbered by any liens. The Debtor is reserving the right to bring Avoidance Actions pursuant to 11 U.S.C. §§ 545 through 550 and state law based fraudulent conveyance actions. The Debtor is still evaluating which, if any such claims, are viable. Among the factors being considered are the potential defenses available to the potential preference defendants, the ability to collect if a judgment is obtained, and the potential cost of litigation. The Debtor made payments in the year prior to the Petition Date to Mary Bolle, an insider, in the amount of \$35,000. Ms. Bolle is currently being sued by the Debtor's landlord on her personal guaranty in an unspecified amount in excess of \$100,000.

### **DESCRIPTION OF LIABILITIES**

#### **A. Priority Claims**

##### **1. Priority Claims**

Priority Claims are defined in the Plan as any pre-petition Claim entitled to a priority payment under 11 U.S.C. § 507(a) of the Bankruptcy Code, excluding any Administrative Claim or



Tax Claim.

## **2. Administrative Claims**

Administrative Claims are those Claims for payment of an administrative expense of a kind specified in §503(b) or §1114(e)(2) of the Bankruptcy Code and entitled to priority pursuant to §507(a)(2) of the Bankruptcy Code, including, but not limited to: (a) the actual, necessary costs and expenses, incurred after the Petition Date, of preserving the estate and operating the businesses of the Debtor, including wages, salaries, or commissions for services rendered after the commencement of the Chapter 11 Case; (b) Professional Fee Claims; (c) all fees and charges assessed against the Estates under 28 U.S.C. §1930; and (d) all Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under §503(b) of the Bankruptcy Code. The Administrative Claims, including the professional fees incurred during the case which remain unpaid, are as follows:

The Debtor retained Buechler & Garber, P.C. ("BG") as its bankruptcy counsel. The Debtor provided BG with a retainer in the amount of \$18,110.50 for post-petition services. The Debtor estimates that the total legal fees and costs to BG as of the estimated date on which the Plan will become effective, September 1, 2018, will be at least \$25,000 depending upon the level of litigation in the future. The Debtor estimates that BG will hold an Administrative Claim for unpaid legal fees of at least \$7,000 on the Effective Date of the Plan. The legal fees could increase or decrease depending on the level of litigation over these issues and creditor claims.

The Debtor's landlord, 151 W. Mineral Ave, LLC (the "Landlord"), holds an administrative expense claim on account of unpaid rent in the amount of not less than \$20,000. The exact amount will either be set by the Court or agreement between the Debtor and the Landlord.

The Debtor has paid its other administrative expenses in the ordinary course of business during the course of the bankruptcy case, and therefore does not believe there will be any other material administrative claims asserted against the estate.

## **Tax Claims**

Tax Claims are any Claim of a governmental unit for taxes entitled to priority pursuant to 11 U.S.C. §507(a)(8). The City of Littleton filed a Proof of Claim asserting a Tax Claim in the amount of \$9,948.86. No other Tax Claims were filed or scheduled.

**B. Secured Claims**

The Colorado Department of Revenue filed a Proof of Claim asserting a secured claim on account of unpaid sales taxes in the amount of \$33,412.46 accruing at an interest rate of 7%. The claim is secured by all of the assets of the Debtor. The Debtor's assets have a retail value of approximately \$681,596.

**C. Non-Priority Unsecured Creditors**

The Debtor has a number of unsecured pre-petition creditors. Unsecured creditors may have filed proofs of Claim as of the bar date set in this case for filing claims which was February 23, 2018. The Debtor has compiled a list of the Claims which it scheduled in the bankruptcy case and the Claims filed by creditors. To the extent that a creditor who was scheduled by the Debtor filed a Claim, the amount of the Claim as filed by the creditor is considered in the analysis.

General unsecured Claims in the total amount of \$745,793.42 have been asserted against the Debtor's estate, which is inclusive of those amounts of Proofs of Claims filed in the Bankruptcy Case, which claim amount exceeds the Scheduled claim amount. The Debtor does not dispute this amount of claims. The Claims list containing all known general unsecured Claims is attached to this Disclosure Statement as Exhibit B.

**D. Leases and Executory Contracts**

**Contracts and Leases**

The Debtor is rejecting all executory contracts and unexpired leases. All proofs of Claim with respect to Claims arising from the rejection of any executory contract or unexpired lease shall be filed with the Court within twenty (20) days after the earlier of (i) the date of the Court order approving the Debtor's rejection of such executory contract or unexpired lease; (ii) rejection by operation of law under the Code; or (iii) the Confirmation Date.

**DESCRIPTION OF THE PLAN**

The Debtor filed its Plan of Reorganization with the United States Bankruptcy Court for the District of Colorado on May 7, 2018. The Plan provides for the orderly liquidation of the inventory and personal property assets of the Debtor under chapter 11 of the Bankruptcy Code. Pursuant to the



Plan, the Debtor shall, as the assets are liquidated, distribute the funds to creditors in conformity with the Bankruptcy Code.

The Plan provides for the specification and treatment of all creditors and Interest holders of the Debtor. The Plan identifies whether each Class is impaired or unimpaired. A Class is unimpaired only if the Plan leaves unaltered the legal, equitable or contractual obligations between the Debtor and the unimpaired claimants or interest holders. The following is a brief summary of the Plan. The actual text of the Plan should be reviewed for more specific detail. In the event of any conflict between the Plan and this Disclosure Statement, the terms of the Plan govern.

As provided in § 1123(a)(1) of the Code, the Priority, Administrative and Tax Claims against the Debtor are undesignated. The holders of such Allowed Claims are not entitled to vote on the Plan and such claims will be paid in full.

The classes of creditors are set forth in the Plan as follows:

Class 1 - All Allowed Unsecured Claims specified in Section 507(a)(4) and 507(a)(5) of the Code as having priority.

Class 2 - The Colorado Department of Revenue.

Class 3 - The Allowed Claims held by unsecured creditors.

Class 4 - The Interest of Debtor.

## **A. CLAIMS**

### **Class 1 Priority Claims**

#### **1. Administrative Claims**

The holders of Allowed Claims of the type specified in Section 507(a)(2) of the Code, Administrative Claims, shall receive cash equal to the Allowed amount of such Claim or a lesser amount or different treatment as may be acceptable and agreed to by particular holders of such Claims. Such Claims shall be paid in full on the Effective Date of the Plan from the Unsecured Creditor Account established pursuant to paragraph 4.2 of the Plan. Section 507(a)(2) Administrative Claims that are Allowed by the Court after the Effective Date of the Plan shall be paid upon allowance.

The Debtor shall deposit the Net Sale Proceeds into the Unsecured Creditor Account. Every

time three deposits have been made into the account, the balance of the account will be distributed to the holders of Allowed Administrative Claims on a Pro Rata basis until such time as all holders of Allowed Administrative Claims have been paid in full.

## **2. Tax Claims**

The Allowed Claims of a type specified in Section 507(a)(8) of the Code, Tax Claims of governmental taxing authorities, shall be paid from the Net Sale Proceeds to be paid on the Effective Date of the Plan or in monthly payments on an amortized basis over a period that does not exceed five years from the Petition Date with interest at the appropriate rate set by applicable statute.

## **3. United States Trustee Fees**

The Debtor will make all payments required to be paid to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6) until the case is closed, converted, or dismissed. All payments due to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6) shall be paid on the Effective Date, and the U.S. Trustee shall thereafter be paid fees due on a quarterly basis until the case is closed, converted, or dismissed.

## **4. Priority Wage Claims**

The Debtor has not scheduled any priority wage claims and none have been asserted against the estate.

## **Secured Claims**

### **Class 2, The Colorado Department of Revenue**

The Class 2 Secured Claim is impaired by the Plan. The Class 2 Secured Claim will be treated under the Plan as follows:

- a. The principal amount of the Class 2 claim will be allowed in an amount of \$34,113.46. Pursuant to 11 U.S.C. § 506, the claim is secured up to the value of the collateral for the claim and unsecured for the balance.
- b. The Class 2 Claim will bear interest at the rate of 7% per annum.
- c. The Class 2 Claim shall be paid from the Net Sale Proceeds in equal monthly

installments over one year commencing on the first full motion after entry of the Order of Confirmation. To the extent proceeds permit the Class 2 Claim shall be paid sooner.

d. The Class 2 claimant will retain all liens that secure its Claim as of the Petition Date.

### **General Unsecured Creditors**

#### **Class 3, General Unsecured Creditors**

Class 3 consists of those unsecured creditors of Top Shelf who hold Allowed Claims.

Class 3 shall receive payment of their Allowed Claims as set forth below:

- a. Holders of Class 3 Allowed Claims shall share on a Pro Rata basis monies deposited into the Unsecured Creditor Account as set forth in the Plan. As set forth in Article IV, paragraph 4.2 of the Plan, the Debtor shall deposit the Net Sale Proceeds into Unsecured Creditor Account. Every time three deposits have been made into the account, the balance of the account will be distributed to holders of Allowed Administrative Claims. Once the holders of Allowed Administrative Claims have been paid in full, every time thereafter three deposits have been made into the Unsecured Creditor Account, the balance of the account will be distributed to Class 3 claimants holding Allowed Claims on a Pro Rata basis.
- b. All funds recovered by the Debtor on account of Avoidance Actions shall be distributed to Allowed Administrative Claims until paid in full and then to Class 3 claimants holding Allowed Claims on a pro-rata basis, net of attorneys' fees and costs. Whether or not the Debtor pursues any Avoidance Actions shall be up to the Debtor and the decision to pursue such claims shall be discretionary with the Debtor.

### **Interest**

#### **Class 4, Interests in Top Shelf**

Class 4 includes the Interests in Top Shelf, which interests shall be cancelled upon the liquidation of all of the Debtor's assets.

### **PLAN FEASIBILITY**

The Debtor believes that the Plan, as proposed, is feasible. The overall feasibility of the Plan is premised upon the orderly sale of Debtor's assets over time. The controlled sale of Debtor's assets under an ordinary course of business, albeit a closing sale, will allow the Debtor to maximize the distribution to creditors. As explained in the liquidation analysis, the Debtor believes its remaining in control of its assets and the liquidation process will maximize the return for creditors.

### **TAX CONSEQUENCE**

The Debtor is not providing tax advice to creditors or interest holders. Each party affected by the Plan should consult its own tax advisor for information as to the tax consequences of Plan confirmation. Generally, unsecured creditors should have no tax impact as a result of Plan confirmation. The recovery of each creditor is payment on account of a debt and generally not taxable, unless the creditor wrote off the debt against income in a prior year in which case income may have to be recognized. Interest holders may have very complicated tax effects as a result of Plan confirmation.

### **EVENTS DURING THE CHAPTER 11 CASE**

#### **The Landlord**

The Landlord filed a Motion for Immediate Payment of Administrative Rent Claims under 11 U.S.C. §§ 365(d) and 503(b)(1) seeking payment of the December, 2017 stub rent in the amount of \$5,145.07. The Landlord also sought payment of January and February, 2018 unpaid rent. The monthly rental obligation was \$8,860.96. A dispute arose as to whether March rent had been paid. The Debtor filed an objection asserting grounds existed for the delay of the payment of the rental obligation. Bankruptcy Code § 365(d)(4)(A) provides that the Debtor must assume its commercial real property lease by the 120<sup>th</sup> day of the case or the lease will be deemed rejected (the "120 Day Period"). The 120 Day Period expired on April 12, 2018. Prior to April 12, 2018, the Debtor filed a Motion to extend the 120 Day Period. The landlord objected to any extension unless the Debtor was current with the rent. A trial was held with respect to the landlord issues. The Court ruled that the Debtor had to immediately pay rent and that the 120 day period would not be extended unless the rental

obligation was current. The Debtor was unable to secure an alternative retail location before April 12, 2018 and decided to vacate its existing premises and proceed with a liquidation.

### LIQUIDATION ANALYSIS UNDER CHAPTER 7

The principal alternative to the Debtor's reorganization under Chapter 11 is a conversion of the case to Chapter 7 of the Bankruptcy Code. Chapter 7 requires the liquidation of the Debtor's assets by a Trustee who is appointed by the United States Trustee's office. In a Chapter 7 case, the Chapter 7 Trustee would take over control of the assets. The assets would be liquidated and the proceeds distributed to creditors in the order of their priorities. A Chapter 7 Trustee earns a fee or commission on the distributions made to creditors.

A discussed below, there are inherent risks and additional expenses associated with a Chapter 7 that may decrease any return to unsecured creditors. Under a Chapter 7 liquidation, the secured creditor may seek relief from the automatic stay to foreclose its security interest in Debtor's property, the result of which is uncertain. If the secured creditor's efforts to obtain relief from stay are denied, the Chapter 7 trustee would seek to liquidate the Debtor's assets. The Trustee would need to hire an auctioneer to liquidate the assets. In addition to the cost of the auctioneer employed by the trustee, the trustee would take a percentage of the Debtor's liquidate assets as contemplated by Code Section 326. A Chapter 7 trustee does not have familiarity with the Debtor's assets nor contacts in the sporting goods industry, and therefore would not be able to market the assets as effectively as the Debtor.

The values for the Debtor's primary assets, as of Petition Date, unless otherwise indicated, are as follows:

<u>Asset</u>	<u>Market Value</u>
Cash (March 1, 2018)	\$7,232
Furniture, Fixtures, Equipment	\$19,000
New Inventory (retail value):	\$265,704
Used Inventory (retail value):	\$304,970
Cosigned Inventory (retail value):	\$84,690
Total:	\$681,596

However, in a liquidation, the assets will bring a lower recovery then retail value.

In a liquidation conducted by a Chapter 7 trustee, a 60% reduction is taken from the asset value on account of a Chapter 7 liquidation. Thus, in Chapter 7, the Debtor's assets would have a value of \$272,638. The cost of sale of the assets would be 15%, or \$40,895. After taking into consideration the cost of sale, the would be \$231,743 available to distribute to creditors. Secured creditor Colorado Department of Revenue would be paid \$33,412 on account of its secured claim. After the secured creditor is paid in full from the sale of the sale of the Debtor's assets, there would be a remaining value of \$198,331. Code Section 326 defines the limitations of compensation of the Chapter 7 Trustee, pursuant to which the trustee compensation would be approximately \$14,837. It is projected there will be \$30,000 in Chapter 7 professional fees for accountants and lawyers. Following the payment of the Chapter 7 cost and expenses of administration, the Chapter 7 Trustee would pay the Chapter 11 costs and expenses of administration, and then other priority claims existing in the Chapter 11 bankruptcy. Administrative and priority claims in the Chapter 11 case, besides tax claims, are expected to total not less than \$30,000.00. There exists tax priority claims in the amount of approximately \$9,950. Accordingly, there would be in a liquidation approximately \$113,544 to distribute to general unsecured creditors. Assuming \$745,793.42 in unsecured debt, in a Chapter 7, general unsecured creditor would receive a projected pro rata distribution of approximately 6.5%.

Under the Plan, the Debtor would remain in control of the Debtor's assets. The Debtor's principal has contacts in the sporting good industry that will help him maximize the recovery for the Debtor's assets. Under the Plan it is assumed the Debtor will realize at 10% better recovery for the Debtor's assets. Therefore, there is a 50% reduction taken from the retail value of the Debtor's assets. In a liquidation under Chapter 11, the Debtor's assets would have a value of \$340,798. There would be no cost of liquidation, no commission paid to a trustee, and no costs and expenses of a Trustee. From the liquidation of the assets, the Chapter 11 costs and expenses of administration, and then other priority claims existing in the Chapter 11 bankruptcy would first be paid. Administrative and priority claims in the Chapter 11 case, besides tax claims, are expected to total not less than \$30,000.00. There exists tax priority claims in the amount of approximately \$9,950. Accordingly, there would be in a liquidation approximately \$300,848 to distribute to general unsecured creditors.



Assuming \$745,793.42 in unsecured debt, in a Chapter 11, general unsecured creditor would receive a projected pro rata distribution of approximately 40%.

Accordingly, the Chapter 11 Plan provides a greater distribution to creditors. Therefore, creditors are encouraged to vote in favor of the Plan.

DATED: May 7, 2018


TOP SHELF SPORTS INC.

By:   
David Bolle, President

Buechler & Garber, P.C. ("BG") has acted as legal counsel to Top Shelf Sports Inc., on bankruptcy matters during the Chapter 11 case. BG has prepared this Disclosure Statement with information provided primarily Top Shelf Sports Inc. The information contained herein has been approved by Top Shelf Sports Inc. BG has not made any separate independent investigation as to the veracity or accuracy of the statements contained herein.

Counsel to the Debtor and  
Debtor- In-Possession Top Shelf Sports Inc.:

BUECHLER & GARBER, LLC

By:   
Aaron A. Garber (#36099)  
999 18<sup>th</sup> Street, Suite 1230S  
Denver, CO 80202  
Telephone: (720) 381-0045  
Telecopier: (720) 381-0382  
Email: aaron@bandglawoffice.com

**EXHIBIT A**

January 2018

Income: \$17,280.04

Expenses: \$-12,862.81

February 2018

Income: \$21,007.53

Expenses: \$-17,754.68

March 2018

Income: \$34,234.67

Expenses: \$-29,672.34

**EXHIBIT B****Case No. 17-21301-KHT Top Shelf, Sports, Inc.**

<b>CLAIMANT</b>	<b>SCHEDULED AMOUNT</b>	<b>PROOF OF CLAIM</b>
Capital One Bank, N.A.	\$ -	\$31,539.92
Colorado Department of Revenue	\$ -	\$701.00
STX	\$ 18,100.00	\$18,402.50
United States Trustee	\$ -	\$650.00
Easton Sporting Goods	\$ 45,000.00	\$0.00
Louis R. Bolle	\$ 105,000.00	\$0.00
Mary Bolle	\$ 375,000.00	\$0.00
Rawlings Sporting Goods	\$ 48,000.00	\$0.00
Vestar	\$ 119,000.00	\$0.00
Xcel	\$ 2,500.00	\$0.00
<b>TOTAL</b>	<b>\$ 712,600.00</b>	<b>\$51,293.42</b>
<b>TOTAL CLAIMS ASSERTED</b>		<b>\$745,793.42</b>

Total claims asserted is comprised of the "scheduled amount" except if a proof of claim is filed, in which case the proof of claim is considered in determining the total claims asserts