

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLUMBIA**

In Re:)
)
TK RESTAURANT MANAGEMENT, INC.) Case No.: 17-00269
) Chapter 11
Debtor.)
_____)

DISCLOSURE STATEMENT
(JUNE 5, 2018)

Comes now Debtor, by and through counsel, pursuant to 11 U.S.C. 1125, and hereby submits the following Disclosure Statement.

Introduction

The Disclosure Statement is a prerequisite to the solicitation of acceptance of Debtor's Plan of Reorganization submitted and dated of even date herewith ("the Plan"). The purpose of the Disclosure Statement is to furnish the holders of Claims and Interests with information that, as far as is reasonably practicable under the circumstances, will enable them to make an informed judgment about the Plan.

ALL HOLDERS OF CLAIMS AND INTERESTS SHOULD NOTE THAT NO REPRESENTATION CONCERNING DEBTOR, ITS BUSINESS, OR THE VALUE OF ITS PROPERTY HAS BEEN AUTHORIZED OR WILL BE AUTHORIZED OTHER THAN AS SET FORTH IN A DISCLOSURE STATEMENT WHICH HAS BEEN APPROVED BY THE COURT FOR DISSEMINATION TO ITS CREDITORS. AS OF THE DATE OF FILING, THIS DISCLOSURE STATEMENT HAD NOT YET BEEN APPROVED. ANY REPRESENTATION OR INDUCEMENT OTHER THAN ONE INCLUDED WITHIN AN APPROVED DISCLOSURE STATEMENT, MADE TO SECURE AN ACCEPTANCE OF A PLAN OF

REORGANIZATION IN THIS CASE, IS UNAUTHORIZED, IMPROPER, AND SHOULD NOT BE RELIED UPON. IF AN UNAUTHORIZED REPRESENTATION IS MADE TO OBTAIN ACCEPTANCE OF A PLAN, IT SHOULD BE REPORTED IN WRITING TO UNDERSIGNED COUNSEL FOR DEBTOR, WHO IN TURN WILL MAKE IT KNOWN TO THE COURT FOR SUCH ACTION AS THE COURT MAY DEEM APPROPRIATE.

Except as otherwise specified, the information contained herein ***HAS NOT BEEN SUBJECTED TO AN AUDIT OR TO A FORMAL RECENT APPRAISAL OR OTHER INDEPENDENT VALUATION.*** The values set forth for property represent debtor's best estimate as to values, and unless specifically stated otherwise, do not reflect costs of sale. In arriving at estimates, debtor has relied on its experience and, at times, the advice of financial advisors and professionals. Debtor is unable to warrant or represent that the information contained herein is without inaccuracy, although great effort has been made to be accurate.

Voting Instructions/Solicitations of Acceptances

In Chapter 11 cases, Creditors are placed in Classes and usually are afforded an opportunity to vote to accept or reject a filed plan of reorganization. Confirmation of the Plan is governed by 11 U.S.C. §1129. A Class of creditors or Equity Security Holders, however, that is not impaired within the meaning of 11. U.S.C. § 1124, including each Creditor or Equity Security Holder within such Class, is conclusively presumed to have ACCEPTED the Plan. A Creditor whose claim is impaired is deemed to include any Creditor who will receive less than full cash payment for the allowed amount of its Claim or whose pre-petition rights have otherwise been altered in any way by the provision of

the Plan. **As set forth in 11 U.S.C. § 1126(f), the solicitation of acceptances from an unimpaired Class of Creditors is not required.**

Debtor will provide with this Disclosure Statement, if it has been approved, a ballot so that Creditors may vote either for or against the Plan, along with a stamped envelope for convenience. ***IF THE COURT HAS SCHEDULED A HEARING ON CONFIRMATION, PLEASE NOTE THAT THE ORDER SCHEDULING THE HEARING ALSO SETS A DEADLINE FOR FILING REJECTIONS THAT HAVE BEEN RECEIVED BY UNDERSIGNED COUNSEL ON OR BEFORE THAT DEADLINE, AS OF 5:00 P.M. EASTERN TIME, REGARDLESS OF POSTMARK OR DATE OF TRANSMITTAL. LATE RECEIVED BALLOTS WILL NOT BE COUNTED.***

IN ORDER TO BE COUNTED, BALLOTS MUST BE SENT TO RICHARD L. GILMAN, ESQ., GILMAN & EDWARDS, LLC, 8401 CORPORATE DRIVE, SUITE 450, LANDOVER, MARYLAND 20785. BALLOTS SHOULD NOT BE SENT TO THE COURT.

Debtor may dispute certain Claims of creditors. The holders of disputed Claims may vote for or against the Plan only to the extent that their Claims have been allowed by the Court for purposes of voting. Similarly, the holders of Claims which have been scheduled by Debtor or filed with the Court and have been designated as contingent or unliquidated may vote only to the extent that their Claims have been allowed by the Court for purposes of voting.

The ballot included with the Disclosure Statement, if any, is not a proof of claim and will not be treated as such for purposes of voting or otherwise. The schedule of

Claims against Debtor may be inspected at the Bankruptcy Court or online utilizing PACER.

ONLY THOSE VOTES THAT ACTUALLY ACCEPT OR REJECT THE PLAN MAY BE COUNTED.

A Class of Creditors is deemed to have accepted the Plan if the Plan has been accepted by the Holders of at least two thirds in dollar amount and a majority in number among the Holders allowed for purposes of voting, ***WHICH ACTUALLY VOTE ON THE PLAN.***

At the hearing on Confirmation, the Bankruptcy Court will receive and consider a ballot report that will be prepared by the undersigned counsel concerning the votes received for acceptance or rejection of the Plan by the parties entitled to vote thereon. At the hearing on Confirmation, the Bankruptcy Court will also consider whether or not the Plan satisfies the various requirements of the Bankruptcy Code, including its feasibility and whether it is in the best interests of Creditors.

With respect to each impaired Class of Claims, in order to confirm a Plan, the Court must find that each holder of a Claim allowed for purposes of voting or of an interest in such Class has accepted the Plan or that each such holder will receive or retain on account of its Claim or Interest in property of a value, as of the Effective Date of the Plan, that is not less than that holder would receive if Debtor were liquidated under the provisions of Chapter 7 of the Bankruptcy Code, on the Effective Date. The Court may confirm the Plan even if the Plan is not accepted by all impaired Classes, provided that the Court finds that the Plan was accepted by at least one impaired Class (not counting votes of insiders) and that it does not discriminate unfairly against, and is fair and

equitable to, all non-accepting impaired classes. Debtor intends to rely on these “cram down” provisions, if necessary, in seeking confirmation of the Plan.

Debtor believes that the Plan is feasible, fair and equitable, and in the best interests of Creditors and Debtor and that the Plan does not discriminate unfairly. Accordingly, Debtor believes its Plan should be confirmed.

THIS DISCLOSURE STATEMENT, AND PLAN, SHOULD BE READ IN ITS ENTIRETY. THE WORDS DEFINED IN ARTICLE I OF THE PLAN, WHEN USED IN THIS DISCLOSURE STATEMENT, CARRY THE SAME MEANING GIVEN TO THOSE TERMS BY THE DEFINITIONS IN ARTICLE I OF THE PLAN. FURTHERMORE, AT THE TIME OF FILING, THIS DISCLOSURE STATEMENT CONSTITUTED ONLY A “PROPOSED” DISCLOSURE STATEMENT. UPON APPROVAL BY THE COURT, A DISCLOSURE STATEMENT BECOMES AN “APPROVED DISCLOSURE STATEMENT.” UNLESS THE COURT SPECIFICALLY AUTHORIZES TO THE CONTRARY, ONLY AN “APPROVED DISCLOSURE STATEMENT” MAY BE GENERALLY DISSEMINATED TO CREDITORS IN CONJUNCTION WITH THE SOLICITATION OF ACCEPTANCES OF A PLAN.

ADDITIONAL DISCLAIMER

PLAN SUMMARIES AND STATEMENTS MADE IN THE DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, OTHER EXHIBITS, SUPPLEMENTS TO THE PLAN AND THE DISCLOSURE STATEMENT. TO THE EXTENT OF ANY INCONSISTENCY

BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE TERMS OF THE PLAN SHALL CONTROL.

AS TO ADVERSARY PROCEEDINGS, CONTESTED MATTERS, OR OTHER LEGAL ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE AN ADMISSION OF ANY FACT, LIABILITY, STIPULATION, ESTOPPEL OR WAIVER.

THIS DISCLOSURE STATEMENT SHALL NOT BE CONSTRUED TO BE ADVICE ON TAX, OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST DEBTOR. YOU ARE URGED TO CONSULT YOUR OWN COUNSEL AND FINANCIAL ADVISORS ON ANY QUESTIONS OR CONCERN WITH RESPECT TO TAX, OR OTHER LEGAL EFFECTS OF THE PLAN ON HOLDERS OF CLAIMS.

General Information

Debtor is a corporation duly organized under the laws of the District of Columbia. Debtor owns and operates the restaurant known as “Catch 15.” Catch 15 (“the Restaurant”) has been located in the historic Peyser Building near the White House since 2013, providing seafood dishes as well as fine Italian cuisine. The Restaurant is operated by Karen Kowkabi and her husband, Gholam (“Tony”) Kowkabi, an experienced restaurateur for more than thirty years.

Events Leading to the Bankruptcy Filing

The Restaurant initially was to open early in 2013 but was delayed. The Peyser Building had just been deemed an historic building—something Debtor only became aware of as it sought approvals for its build-out. This caused prolonged delays as well as

cost overruns, leaving Debtor with little cash reserves when it initially opened in December 2013, a troubling situation as it headed into the traditionally slow winter season thereafter in early 2014. Moreover, what cash reserves that had been set aside were paid to the landlord. While the original landlord allotted Debtor a rent abatement for 2013 while it was not open due to the unexpected delays, the ownership of the building quickly changed, and the new landlord was unwilling to extend the rent abatement period. Accordingly, the cash reserves that were set aside for operations, were used to pay rent prior to the opening of the Restaurant.

Further, the Restaurant, which offered freshly shucked oysters and a raw bar, as well as popular seafood dishes from around the world, while well received, proved difficult to market. Consequently, the Restaurant did not initially attract as big a customer base as expected. Additionally, when the Restaurant first opened it was surrounded by three vacant buildings. But, soon thereafter one of the buildings was sold to the Hyatt House, which commenced construction of new hotel which blocked off the sidewalk. This further reduced the expected and needed foot traffic around the Restaurant which led to extraordinary weak sales.

The delayed opening, small customer base, and exhausted cash reserve caused Debtor to fall behind on its obligations, including its tax obligations to the District of Columbia. On or about September 23, 2014, to preserve its business and stay collection efforts by the District of Columbia, Debtor filed a Chapter 11 bankruptcy case—*In re TK Management, Inc.*, Case No. 14-0562 (USBC DC). Upon the filing, Debtor remained in control of the Restaurant and set out to increase business. In connection therewith, it reorganized its menu to Italian cuisine, a discipline in which the Debtor's operators have

more than 30 years of experience. By so doing, it added old school dishes and hand-crafted cocktails to its menu which were accompanied by an increase in its dinner prices. Debtor implemented new training and hired new staff to increase customer appreciation and sales. The Restaurant restructured its dining room to create more private dining space for private functions. Further, Debtor concentrated on furthering its business relationships with local businesses and hotel concierges in the surrounding neighborhood, including the new Hyatt House hotel that ultimately opened. All of these efforts resulted in an increase positive exposure of the Restaurant and ultimately an increase in sales. With its improved business and reorganization efforts, Debtor was able to confirm its Chapter 11 plan on July 22, 2015.

Unfortunately, as Debtor was emerging from bankruptcy, it was unable to fulfill its immediate obligations under the plan. Cash reserves that Debtor had accumulated and were earmarked to cover its obligations under the plan were needed to quell the new landlord's concerns to keep the lease, including making an additional two months security deposit. While the original landlord allotted Debtor a rent abatement for 2013 while it was not open due to the unexpected delays, the ownership of the building quickly changed, and the new landlord was unwilling to extend the rent abatement period and also increased CAM charges. Additionally, Debtor had fallen behind and was required to immediately cure a deficiency for the administrative dues the United States Trustee. These obligations resulted in Debtor being unable to fulfill the terms of its confirmed Chapter 11 plan due the District of Columbia. Although Debtor initially made payment arrangements with the District, and made in excess of \$120,000 of payments to the District, Debtor was unable to consummate the terms of the Chapter 11 plan.

After failing to reach a resolution with the District as to its outstanding tax liabilities, Debtor had to file the instant bankruptcy case. Upon the filing of this case, Debtor had an unexpected loss of business due to negative press centered on its tax obligations. However, since the initial downturn of business due to the bad press, Debtor has rebounded, albeit a bit more slowly than expected.

The filing of this Chapter 11 case has allowed Debtor to halt imminent collection efforts by the District, allow Debtor to continue with its management and business changes, prevent closure of its business, and provide Debtor sufficient opportunity to reorganize and repay its obligations.

Since the Filing

Chapter 11 affords Debtor an opportunity to continue its operations and reorganize. Since the filing, Debtor has continued to manage its affairs as Debtor in possession and has taken steps necessary to ensure success.

Employment of Professionals

As of the filing of this bankruptcy case, Debtor, upon Court approval, has engaged undersigned counsel to represent it in this case and assist Debtor through the reorganization process. Debtor also has engaged upon Court approval Behraz Bahri/Avicenna Accounting (“Bahri”) as accountant for Debtor to assist with the myriad accounting/reporting requirements. Also, Debtor has engaged upon Court approval D’Maz V. Lumukanda and Essential Financial Group as a consultant for Debtor to assist in determining the propriety and extent of tax claims asserted by the District against it.

Prior to confirmation of the plan, fees and expenses incurred associated with professional services provided will be made pursuant to Court order. Post-confirmation

until the case is administratively closed, debtor, upon notice and opportunity to object, will make payment to professionals as administrative expense in the ordinary course of business

The Lease

Since the filing of the bankruptcy, Debtor has continued to operate the Restaurant in the Peyser Building. In connection therewith, Debtor continues to lease the premises pursuant to its lease with 1518 K Street, LLC. Debtor has sought to assume the lease. On November 3, 2017, this Court entered an Order deferring a ruling on Debtor's request inasmuch as the landlord filed a limited opposition indicating that Debtor's request to assume should be made in conjunction with plan confirmation. By and through the plan, Debtor intends on assuming the lease. As of the petition date, Debtor, has remained current with its obligations due under the lease, although some payments have been late. Debtor has, and will continue to make, all post-petition lease payments as they come due and comply with all other obligations due under the lease.

Management/Operations

Karen and Tony Kowkabi continue to operate the Restaurant and are jointly responsible for all day-to-day operations. They continue to work extremely hard at implementing whatever changes are necessary to increase business. This includes continuing their efforts to improve the dining experience in the Restaurant, adding more private functions, and continue cultivating relationships with neighboring hotels and businesses to drive more customers.

Revenue

From the May 2017 through May 2018, debtor generated total revenue in excess of 2,000,000, resulting in a total net profit in excess of \$109,000. (See Monthly Operating Reports attached hereto as Exhibit A). This period includes the typically strong holiday season (October-December) followed by the typically slow winter season (Jan/Feb/March). With its troubles in the past, Debtor anticipates increased revenue and profit, with similar strong season/weak season patterns for each year throughout the duration of the Plan. (See Debtor's Projections/Profit and Loss/Feasibility Analyses attached hereto as Exhibits B, C, and D, respectively).

Overview of Assets of the Estate

Assets

As of the filing of this bankruptcy case, Debtor had assets totaling \$42,494, which are properly reflected in the bankruptcy schedules filed with the Court and summarized below:

Cash

As of the petition date, Debtor had cash on hand in the amount of \$355.

Inventory/Supplies

As of the filing of this bankruptcy case, and reflected on its schedules filed with the Court, Debtor had miscellaneous food supplies and goods valued at \$1,875, as well as liquor inventory in the amount of \$2,950.

The Premises/Lease

Debtor does not own real property. Debtor's property is limited to the leasehold interest, fixtures, restaurant furniture and kitchen appliances that are located at the Restaurant premises. The aggregate value of these furnishings was and still is \$8,980.

Vehicles

As of the filing date, Debtor owned the following vehicles

Vehicle	Est. Blue Book Value
2005 Mercedes ML 350	\$3,042
2003 Chevy Van	\$unknown/0 value
2014 Mercedes Benz E-350	\$25,290

Licenses

As of the petition date, Debtor held two (2) required DC business licenses to operate in the District of Columbia nominally valued at \$1.00 each¹.

Claims Against the Estate

The claims as of the filing date are reflected by the proof of claims filed by the creditors, or if not filed, in the bankruptcy schedules filed with the court.

Administrative Claims

Gilman & Edwards, LLC	\$ 10,000.00 ^(est.)
United States Trustee	\$ 10,000.00 ^(est.)

Secured Tax Claims

District of Columbia (Sales and Use tax/Withholding)	\$285,465.06
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Priority tax claims

Internal Revenue Service (WT-FICA/FUTA/Corp-Inc.)	\$400,624.09
Comptroller of Maryland (Sales and Use tax/Withholding)	\$ 516.00
Virginia Department of Taxation (Withholding)	\$ 2,800.78

¹ The ABRA Liquor License and the D.C. restaurant license, respectively.

General Unsecured Claims (* denotes no proof of claim filed)

ART Display	\$ 5,681.00*
Benefit Mall	\$ 2,931.00*
Cohn, Baldinger & Greenfeld	\$ 16,501.00
Comptroller of Maryland	\$ 31.00
Continental Restaurant Equipment	\$ 5,000.00*
District of Columbia	\$ 30,239.88
Internal Revenue Service	\$ 112,662.05
Martin Seafood, Co.	\$ 8,362.00*
Open Table	\$ 7,132.89*
Rewards Network Establishment Services, Inc.	\$ 2,278.75
United Shellfish Co., Inc.	\$ 1,348.00*
United States Trustee	\$ 975.00
Verizon	\$ 5,984.00*
Virginia Department of Taxation	\$ 882.76
Washington Gas	\$ 3,500.00*

Assumption and Rejection of Executory Contracts

As indicated above, as of the petition date, Debtor was a party to the unexpired Lease with 1518 K Street, LLC as to the commercial real property located at the Peyser Building. Pending approval of debtor's motion in connection with confirmation of the plan, debtor will assume the lease.

Implementation of Plan/Treatment of Claims

The purpose of the plan is to allow the reorganized Debtor to continue with its operations. Upon confirmation of the plan, Debtor will maintain operations and make all distributions under the Plan. Debtor will continue to be owned and operated by Karen and Tony Kowkabi. Together, they will continue to handle the day-to-day operations.

Nothing herein or in the Plan shall be construed to limit or restrict the Kowkabis to act in accordance with the best interests of the Debtor provided it does not contravene the Plan. In this connection, nothing herein shall restrict Debtor from conducting its affairs in the ordinary course, including but not limited to, personnel decisions (e.g., employment hiring/firing/payroll etc.), and the purchasing and selling of food and liquor provided it does not contradict the Plan.

Subject to the provisions of the Plan, the reorganized debtor shall be authorized to operate its business and to use, sell, lease, or otherwise dispose of property free and clear of any restrictions contained in the Bankruptcy Code and/or Bankruptcy Rules.

The Plan of Reorganization and Treatment of Creditor Classes

Debtor's proposed Plan of Reorganization is based on continued and future income from its operations as well as capital contributions from family and friends. By and through the Plan, various Claims against the Chapter 11 estate have been divided into Classes. Debtor submits that there are some Classes that are "impaired" and others that are "unimpaired." An "impaired" Class includes any Creditor whose pre-petition rights have been altered in any way by the terms of the Plan, even if the alteration has been an improvement over the pre-petition terms. Any Class of Claims that is to be paid exactly in accordance with the terms of the pre-petition obligation or is to receive payment in full on the Effective Date of the Plan-defined as a date 30 days after Confirmation-is considered "unimpaired." Only impaired Classes may vote to accept or reject the Plan. Unimpaired Classes are deemed to have accepted the Plan. The Classes and the Plan's treatment is as follows:

Class 1. Administrative Claims

Administrative claims include the claims of professionals engaged by debtor in possession for fees and reimbursement of expenses. This class includes the claims of undersigned counsel, Debtor's accountant and Debtor's consultant. Additionally, this class also includes fees due the Office of the United States Trustee.

The administrative expenses of Debtor's estate as allowed by §503(b) of the Bankruptcy Code and/or Order of this Court shall be paid in full, upon the Effective Date of the Plan or the allowance of such claim, whichever is later. This Class is unimpaired.

TAX CLAIMS

Class 2. Secured Tax Claim of the District of Columbia

The District of Columbia filed a proof of claim asserting a secured claim for unpaid sales and use taxes, corporate franchise tax, and as well as unpaid withholding taxes for various periods in the total amount of \$285,465.05. The District asserts secured status by virtue of the pre-petition filing of notices of its tax claims. Nevertheless, by operation of Section 506(b) of the Bankruptcy Code, the District is secured only to the extent of value of Debtor's assets as of the petition date--\$42,494, with the remainder of its unsecured claim to be treated as a priority (for tax and interest assessed) in the amount of \$211,891.95, and general unsecured claim (for the penalties assessed) in the amount of \$61,320.17, respectively, as set forth below.

Class 2 shall accordingly receive payment in full on its \$42,494 secured claim, plus post-confirmation interest (4%) within four years of the Effective Date. Payments shall be made in equal monthly installments of \$959, commencing on the Effective Date

and continuing monthly thereafter until the claims of this Class, plus post-confirmation interest, have been paid in full. This class shall retain its lien against Debtor's property to the extent of \$42,494, until its secured claim is paid in full.

This class is impaired.

Class 3. The Priority Tax Claims of the District of Columbia

This Class consists of the priority claims asserted by the District of Columbia for unpaid sales and use tax, franchise corporate taxes, and withholding taxes in the amount \$211,891. This amount reflects the remaining unsecured priority portion of the District's tax and interest claims originally asserted as secured.

Class 3 shall receive payment in full, plus post confirmation interest (4%) in deferred cash payments plus one additional lump sum payment. Debtor shall make a lump sum payment to the District in the amount of One Hundred Thousand Dollars (\$150,000) on the Effective Date. Additionally, Debtor will make deferred cash payments on the remaining balance due (\$61,891) in sixty (60) monthly installments in the amount of \$1140, with the first monthly payment commencing within thirty (30) days of the Effective Date. Payment to these claims will be funded by debtor's operations as may be necessary to adequately fund the plan, in addition to any cash reserves debtor may have on hand and/or receive from family/friend contributions, as is necessary.

Section 1129(a)(9)(D) provides that this Class shall receive payment over a period not later than five (5) years from the date of the order for relief. Accordingly, that would require payments be completed in April 2022, which is approximately four (4) years from the projected effective date. This Plan provides for payment in excess of the time allotted under the Code. Absent the consent of the District of Columbia to the proposed extended

repayment period, the entire remaining balance due through March 2022, would be due and payable in April 2022 in one lump sum. Debtor estimates that the balance due at that time would be approximately \$13,386.

Although the tax claims herein shall receive full payment, to the extent the tax claims are not receiving full payment as of the Effective Date of the plan there is an impairment or alteration of the rights of the creditors in this Class.

This class is impaired.

Class 4. Priority Claim of the Internal Revenue Service

This Class consists of the IRS' priority claim as reflected in its proof of claim in the amount of \$400,624.09.

Class 5 shall receive payment in full, plus post confirmation interest (4%) in deferred cash payments. Debtor will make payments to these claims in sixty (60) monthly installments in the amount of \$7,378 with the first monthly payment commencing within thirty (30) days of the Effective Date. Payment to these claims will be funded by debtor's operations as may be necessary to adequately fund the plan, in addition to any cash reserves debtor may have on hand and/or receive from family/friends contributions, as is necessary. Further, this Class is comprised of tax claims that may be paid, in part, by and through the individual bankruptcy case of Tony and Karen Kowkabi.² Accordingly, payments herein may be reduced in amount equal to payments made by the Kowkabis by and through their individual bankruptcy case.

² See *In re Gholam and Karen Kowkabi*, Case No. 16-12338 (Bankr. E.D.Va). Therein, Debtor will be making payment on civil penalties assessed against them by the Internal Revenue Service that are part and parcel of the employment taxes claimed herein against Debtor. Inasmuch as a payment is made toward the civil penalties assessed against the individuals, the employment tax liability owed by Debtor would be reduced in like manner.

Section 1129(a)(9)(D) provides that this Class shall receive payment over a period not later than five (5) years from the date of the order for relief. Accordingly, that would require payments be completed in April 2022, which is approximately four (4) years from the projected effective date. This Plan provides for payment in excess of the time allotted under the Code. Absent the consent of the Internal Revenue Service to the proposed extended repayment period, the entire remaining balance due through March 2022, would be due and payable in April 2022 in one lump sum, less any payments received by the Internal Revenue by and through the individual bankruptcy case of the Karen and Tony Kowkabi Debtor estimates that the balance due at that time would be approximately \$95,914, less any said payments made by and through the individual bankruptcy case of Karen and Tony Kowkabi.

Class 5. Priority Tax Claim of the Comptroller of Maryland

The Comptroller of Maryland filed a proof of claim asserting a priority tax in the amount of \$516.00, representing unpaid sales tax and withholding tax for various periods. This claim will be paid in full on the Effective Date of the Plan.

This claim is unimpaired

Class 6. Priority Tax Claim of Virginia Department of Taxation

The Virginia Department of Taxation filed a proof of claim asserting a priority tax in the amount of \$ 2,800.78, representing unpaid withholding tax for various periods. This claim will be paid in full in deferred cash payments, with post-confirmation interest at 4%. Payments shall be made in thirty (36) monthly payments of \$83. Although the tax claims herein shall receive full payment, to the extent the tax claims are not receiving

full payment as of the Effective Date of the plan there is an impairment or alteration of the rights of the creditors in this Class.

This claim is impaired.

Class 7. Pre-Petition Lease Arrears

At the time of the petition, Debtor was a party to an unexpired commercial lease with 1518 K Street, LLC. Debtor has sought to assume the lease. On November 3, 2017, this Court entered an Order deferring a ruling on Debtor's request until confirmation. Upon confirmation, Debtor will assume the lease. In this connection, debtor will continue to make all post-petition lease payments as they come due. Debtor is unaware of any pre-petition lease arrears. Nevertheless to the extent there is a pre-petition claim for unpaid rent, Debtor will pay said amount in full upon the Effective Date. By virtue of the assumption of the lease.

This class is unimpaired.

CLASS 8. GENERAL UNSECURED CREDITORS

This class consists of general unsecured creditors, including, but not limited to unsecured tax claims which are not entitled to priority. These claims consist of the following (*denotes that the creditor did not file a proof of claim):

<u>Creditor</u>	<u>Amount</u>
ART Display	\$ 5,681.00*
Benefit Mall	\$ 2,931.00*
Cohn, Baldinger & Greenfeld	\$ 16,501.00
Comptroller of Maryland	\$ 31.00
Continental Restaurant Equipment	\$ 5,000.00*
District of Columbia	\$ 61,320.17
Internal Revenue Service	\$ 112,662.05
Martin Seafood, Co.	\$ 8,362.00*
Open Table	\$ 7,132.89*
Rewards Network Establishment Services, Inc.	\$ 2,278.75
United Shellfish Co., Inc.	\$ 1,348.00*

United States Trustee	\$ 975.00
Verizon	\$ 5,984.00*
Virginia Department of Taxation	\$ 882.76
Washington Gas	\$ 3,500.00*
	=====
Total	\$234,589.62

Class 8 claims will not be paid in full. Rather, these claims will be paid a total of \$51,000, approximately 22% of the total amount due. Payment to this class shall be made in pro rata distributions in three (3) equal annual payments of \$17,000. Payments shall be made each year commencing two (2) years after the effective date of the plan. This Class is impaired.

Class 9. Debtor's Interest In Property

Class 9 consists of Debtor's interest in its property. Debtor will retain its interest in such property, except to the extent debtor sells, surrenders, or otherwise disposes of the same in the ordinary course of business or pursuant to appropriate Court order. This Class is unimpaired.

All payments to all Classes due under the Plan shall be derived from funds held by debtor and debtor operations as debtor-in possession.

Feasibility

The Plan as proposed and level of funding were based on several assumptions. These assumptions and the underlying facts indicate clearly that the plan as presented herein is feasible. The Plan provides debtor with a reasonable level of security while similarly providing creditors with an opportunity to ensure they receive at least that which they would receive under Chapter 7 liquidation, if not more.

For a Plan to be feasible it must show a reasonable likelihood that debtor will be able to perform its obligations under the Plan. Certainty of success is not required. In this case, feasibility involves an assessment and consideration of debtor's projected income and expenses so as to determine whether debtor will be able to make the plan payments.

Since the filing of the case (May 2017 through April 2018), debtor has generated total revenue and profit as follows.

TK Revenue/Profit		
	Revenue	Net Profit
2017		
May	\$156,880.17	(\$ 8,856.60)
June	\$166,397.44	\$ 6,903.49
July	\$169,409.92	\$ 15,431.42
August	\$158,965.49	\$ 1,460.52
September	\$158,595.30	\$ 7,067.45
October	\$175,724.80	\$ 16,547.97
November	\$137,698.58	\$ 7,269.13
December	\$172,255.13	\$ 20,896.03
2018		
January	\$133,380.76	(\$10,774.68)
February	\$140,018.12	\$ 417.56
March	\$175,009.20	\$ 15,100.95
April	\$191,116.18	\$ 13,406.75
May	197,059.58	\$ 23,099.10
	=====	=====
Total	\$1,935,033.53	\$108,776.25

As with every year, the holiday season (October-December) is the most profitable, the winter months that follow the least profitable, and the spring months generally strong and steady. Accordingly, Debtor will use much of each holiday season surplus to cover not only the ongoing obligations and proposed plan, but also to cover the occasional dry spells and intermittent shortages that arise throughout the rest of the calendar year. (See e.g., Exhibit B). To the extent the intermittent shortages are greater

than anticipated throughout the year Debtor's family and friends will contribute on an as needed basis.

With its problems behind it, new menus, an increase in menu pricing to match the market and an increased customer base, Debtor anticipates and projects that it can and will sustain profitability in like fashion for the duration of the Plan. (See Exhibit B). Based on these projections, Debtor submits that it will have sufficient funding to continue to operate and cover its obligations under the Plan (See Exhibits C and D).

Together, Debtor, based on its projected budget and funding, its operations as well as family/friends contributions as necessary, moving forward will generate sufficient monies to meet the required funding under the plan, rendering the Plan feasible.

Tax Consequences

As of the filing of this disclosure statement, debtor does not anticipate any tax consequences as a result of the Plan

Liquidation Analysis

Without confirmation of the Plan as proposed, liquidation of debtor's assets would follow, most likely under a Chapter 7 case. The closing of the Restaurant and liquidation of debtor's assets would net essentially nothing to the creditors, and certainly less than that proposed under the plan.

As set forth above and reflected on schedule B of debtor's schedules filed with the Court, at the time of filing debtor's assets were valued at less than \$45,000. Inasmuch as this is a Restaurant, and but for one vehicle the Restaurant's only true value is its ability to generate revenue, the asset value has effectively gone unchanged. Accordingly, if debtor ceased operations, and liquidation were to proceed, perhaps at best, \$30,000-

\$40,000 of proceeds, less liquidation costs, would be available to the creditors of the estate. From these proceeds, administrative claims and tax claims would perhaps be paid an immaterial amounts on its claims, leaving nothing for most Classes.³ Thus, without consideration to expenses associated with the liquidation of assets, as well as payment on any administrative claims due the United States Trustee, and professionals, the liquidation of the assets would provide nothing to Class 8, and significantly less to all classes than that proposed under the plan.

Similarly, dismissal of the bankruptcy case would lead to little or no recovery for any claim. Dismissal likely would lead to the closure of the Restaurant under collection efforts by the taxing authority. Once the Restaurant is closed, no further revenue would be generated to pay any claims.

Under the Plan, the administrative claims and all secured and priority tax claims are paid in full. Classes 2, 3, 4, 5, and 6 (the Tax Claims) are given the best opportunity to be paid in full. Additionally, Class 8 is given an opportunity to receive something. Moreover, the Plan provides an opportunity for Class 7 to continue to receive rental payments. Simply, the Plan provides debtor an opportunity to weather the storm, and provide payment to the Classes. Accordingly, the proposed Plan is not only feasible, but in the best interests of the creditors.

Possible Alternatives to Plan

As set forth above, neither liquidation nor dismissal is an alternative to the plan of reorganization. Liquidation will provide less, if not nothing, to most creditors of the estate. Similarly, dismissal will likely lead to collection efforts which would effectively close Debtor, and result in a similar liquidation which would provide little to nothing to

³ Moreover, liquidation will result in a default in the lease causing an additional claim from the landlord.

the majority of the creditors. Therefore, debtor believes there are no plausible alternatives to the Plan.

Summary and Conclusions

It is clear that the Plan proposed by Debtor is superior to any completing Plan that could be proposed and/or dismissal and/or liquidation under Chapter 7. Wherefore, Debtor asks that the Plan be confirmed.

Date:6/5/18. By: /s/ TK Restaurant Management, Inc.
TK Restaurant Management, Inc.
/s/ Karen Kowkabi
Owner/TK Restaurant Management, Inc.
Debtor-in-possession

Date:6/5/18. Gilman & Edwards, LLC
/s/ Richard L. Gilman

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