

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

In Re:)
)
ROTINI, INC.,) Case No.: 17-00270
) Chapter 11
Debtor.)
_____)

DISCLOSURE STATEMENT
(JUNE 6, 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 “Ristorante Piccolo.” Ristorante Piccolo (“the Restaurant”) has been located in the Georgetown section of the District of Columbia for more than thirty (30) years, proving to be a successful and popular Italian restaurant for Washingtonians and tourists alike. 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

In 2008, the Restaurant was destroyed by a fire, necessitating a complete rebuild of its premises, and it did not re-open until 2010. As a result of the fire and its closure for almost two years, the Restaurant lost a significant amount of its original customer base. Thereafter, Debtor had to devote its time and efforts to rebranding and its energies to attract tourists to increase its business. While its efforts to attract new customers seemed to be working, in 2012, tourism dropped because of an extraordinarily harsh winter. This resulted in a significant loss of business, which caused Debtor to fall behind in its tax obligations due the District of Columbia (“the District”) as well as payroll taxes due the Internal Revenue Service (“IRS”). Consequently, collection actions imposed by the taxing authorities strained Debtor’s cash flow. Further, Debtor incurred great expense associated with obtaining representation to assist in resolving its tax obligations.

In 2013, faced with increased and aggressive tax collection efforts by the IRS, and an inability to resolve its tax matters amicably, Debtor had to seek bankruptcy relief to save the Restaurant (*In re Rotini, Inc.*, Case No. 13-00380 (USBC DC)). Shortly thereafter, upon advice of counsel, Debtor did not contest the dismissal of that bankruptcy case so as to enable it to refile a new case and allow it to “start over.” Thereafter, upon dismissal of the first case, in September 2014, Debtor re-filed a new Chapter 11 bankruptcy case—*In re Rotini*, Case No. 14-00514 (USBC DC).

Upon filing the second bankruptcy case, Debtor remained in control of the Restaurant. Debtor reorganized its management structure, updated its cooking styles and menus, increased staff, developed new relationships with hotels, and even added some

light entertainment--all to increase business. With its efforts working, Debtor was able confirm its Chapter 11 plan of reorganization. Unfortunately, just as Debtor was emerging from bankruptcy with its confirmed plan, it was unexpectedly hampered by competition created by two new restaurants which opened up directly across the street from the Restaurant, as well as many more new restaurants opening within close proximity to the Restaurant. The new competition caused an immediate downturn in business and resulted in Debtor being unable to consummate the terms of its confirmed Chapter 11 plan. Although Debtor initially made payment arrangements with the District, and, in fact, made 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.

The filing of this Chapter 11 case has allowed Debtor to halt imminent collection efforts by the District, allow the aforementioned management and business changes to take hold, and 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 connection therewith, Debtor continues to lease the premises at 1068 31st Street, N.W., Washington, DC, pursuant to its lease with Esther B. Davis. Debtor has sought and the Court has granted, debtor’s request to assume the lease at 1068 31st Street, N.W., Washington, DC. As of the petition date, Debtor was current on its obligations under the lease, and Debtor has, and will continue to make, all post-petition lease payments due thereunder.

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 as well as cultivating relationships with neighboring hotels and businesses to drive more foot traffic.

Revenue

From the May 2017 through April, 2018, debtor generated total revenue in excess of 2,200,000, resulting in a total net profit in excess of \$174,567 (See Monthly Operating Reports, Receipts and Disbursement Form SB-2 attached cumulatively hereto as Exhibit A). This period includes the typically strong holiday season (October-December) as well as 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 \$13,037.00, 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 \$275.00.

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 \$1,810, as well as liquor inventory in the amount of \$1,800.

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 \$9,150.

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

Internal Revenue Service (WT-FICA/FUTA) District of Columbia (Sales and Use tax/Withholding)	\$469,510.55 \$662,799.62
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Priority tax claims

Internal Revenue Service (WT-FICA/FUTA/Corp-Inc.) District of Columbia (Sales and Use tax/Withholding)	\$ 79,662.38 \$ 58,249.76
Comptroller of Maryland (Sales and Use tax/Withholding)	\$ 3,512.00
Virginia Department of Taxation (Withholding)	\$ 7,632.29

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

General Unsecured Claims

Abdelaziz Moussaif	\$100,964.74
Cbeyond Cloud Services	\$ 2,574.00
Cohn, Baldinger & Greenfeld	\$ 4,430.00
Comptroller of Maryland	\$ 2,195.00
DMV Adjudication Services	\$ 1,573.00
Internal Revenue Service	\$ 29,327.68
Joe Ritchey	\$ 50,703.24
Rewards Network Establishment Services, Inc.	\$ 2,426.98
United States Trustee	\$ 13,570.32
Virginia Department of Taxation	\$ 2,060.59
Washington Gas	\$ 4,815.19

Assumption and Rejection of Executory Contracts

As indicated above, as of the petition date, Debtor was a party to the unexpired Lease with Esther B. Davis, landlord, as to the commercial real property located at 1068 31st Street, N.W., Washington, DC. Upon debtor's motion and Court Order thereon, debtor was authorized to 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 infusion by 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 \$662,799.62. 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--\$13,037.00, with the remainder of its unsecured claims to be treated as priority (\$ 597,327.11) and general unsecured claims (\$114,529.74) respectively, as set forth below.

Accordingly, Class 2 will shall receive payment in full on its \$13,037.00 secured claim, plus post-confirmation interest (4%) within four years of the Effective Date. Payments shall be made in equal monthly installments of two hundred and ninety five dollars (\$295), 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 to the extent of \$13,037, against Debtor's property until its secured claims are 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, plus interest, including the remaining unsecured portion of its originally asserted secured claim entitled to priority, in the total amount of \$608,722.75.

Class 3 shall receive payment a lump sum payment in the amount of Three Hundred Thousand Dollars (\$300,000) on the Effective date of the Plan. In addition, Class 3 shall receive payment in full on the remaining \$308,722.75, plus post confirmation interest (4%) in deferred cash payments in sixty months (60) monthly installments in the amount of \$5,686, 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 \$72,217.

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. The Secured Claim of the Internal Revenue Service:

The Internal Revenue Service filed a proof of claim asserting a secured claim for unpaid withholding-FICA and FUTA taxes for various periods in the total amount of Four Hundred Sixty Nine Thousand, Five Hundred Ten Dollars and Fifty Five Cents (\$469,510.55). The IRS asserts secured status by virtue of pre-petition filing of notices of its federal tax liens. Nevertheless, by operation of Section 506(b) of the Bankruptcy Code, the value of Debtor's assets as of the petition, and the senior secured claims of the District of Columbia, the IRS claim is wholly unsecured. Consequently, the plan will not make any provision for the IRS' secured claim. Rather, it will make provision for the IRS claims as priority and general unsecured claims as set forth below.

This class is impaired.

Class 5. Priority Claim of the Internal Revenue Service

This Class consists of the IRS' priority claim as reflected in its proof of claim (\$79,662.38) and the unsecured portion of the IRS's secured claim entitled to priority (\$351,422.55) in the total amount of \$431,084.93.

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 \$7,940, 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.

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 Kowkabi². Debtor estimates that the balance due at that time would be approximately \$103,220, less any said payments made by and through the individual bankruptcy case of Karen and Tony Kowkabi.

Class 6. 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 three Thousand Five Hundred and Twelve Dollars and No Cents (\$3,512.00), representing unpaid sales tax and 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 \$104. Although the tax claims herein shall receive full payment, to the extent the tax claims are not receiving full payment as

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.

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. 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 three Seven Thousand Six Hundred Thirty Two Dollars and Twenty Nine Cents (\$7,632.29), 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 \$225. 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 8. Pre-Petition Lease Arrears

At the time of the petition, Debtor was a party to an unexpired commercial lease with Ester B. Davis. Upon motion and Court Order thereon, debtor was authorized to assume this lease. In this connection, debtor has and will continue to make all post-petition lease payments to Landlord as they come due. Although Debtor is unaware of any such claim, 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 9. 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>
Abdelaziz Moussaif	\$100,964.74
Cbeyond Cloud Services	\$ 2,574.00*
Cohn, Baldinger & Greenfeld	\$ 4,430.00
Comptroller of Maryland	\$ 2,195.00
District of Columbia	\$114,529.74
DMV Adjudication Services	\$ 1,573.00*
Internal Revenue Service	\$ 29,327.68
Internal Revenue Service	\$118,088.00
Joe Ritchey	\$ 50,703.24
Rewards Network Establishment Services, Inc.	\$ 2,426.98
United States Trustee	\$ 13,570.32
Virginia Department of Taxation	\$ 2,060.59
Washington Gas	\$ 4,815.19
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	\$447,258.48

Class 9 claims will not be paid in full. Rather, these claims will be paid a total of \$51,000, approximately 11.4% 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 10. Debtor's Interest In Property

Class 10 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 6, 2017 through May 31, 2018, debtor has generated total revenue and profit as follows.

<u>Month</u>	<u>Total Revenue</u>	<u>Profit</u>
May	\$283,215	\$ 14,398
June	\$176,554	\$ 6,527
July	\$170,143	\$ (5,499)
August	\$175,298	\$ 2,015
September	\$192,853	\$ 12,040
October	\$201,505	\$ 26,134
November	\$194,259	\$ 33,181

December	\$251,133	\$ 60,391
<u>2018</u>		
January	\$119,762	\$(41,668)
February	\$145,928	\$ 7,978
March	\$194,311	\$ 31,484
April	\$243,939	\$ 25,943
May	\$244,654	\$ 26,944
Total	\$2,492,455	\$201,512

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, forthcoming menu price increases to match market conditions, 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 Exhibits B, C and D). Based on these projections, Debtor submits that it will have sufficient funding to continue to operate and cover its obligations under the Plan.

Together, based on Debtor's projected budget and funding, Debtor's operations 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 \$15,000. Inasmuch as this is a restaurant, and its 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, \$10,000-\$15,000 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 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, professionals, and the unpaid claims of the landlord pursuant to the assumed lease, the liquidation of the assets would provide nothing to Class 9, significantly less than that proposed under the plan.

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

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, 6 and 7 (the Tax Claims) are given the best opportunity to be paid in full. Additionally, Class 9 is given an opportunity to receive something. Moreover, the Plan provides an opportunity for Class 8 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 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 competing Plan that could be proposed and/or dismissal and/or liquidation under Chapter 7. Wherefore,

Debtor asks that the Plan be confirmed.

Date: 6/6/18. By: /s/ Rotini, Inc.
Rotini, Inc.
/s/ Karen Kowkabi
Owner/Rotini, Inc.
Debtor-in-possession

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

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