UNITED STATES BANKRUPTCY COURT
Northern District of Florida
Pensacola Division

IN RE: EMERALD COAST EATERIES, INC. Debtor in Possession.	Bankruptcy Case No. 17-30095-JCO Judge: Jerry C. Oldshue

DISCLOSURE STATEMENT IN SUPPORT OF LIQUIDATING PLAN OF REORGANIZATION OF EMERALD COAST EATERIES, INC.

PLEASE READ THIS DISCLOSURE STATEMENT CAREFULLY. THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PLAN OF REORGANIZATION. THE PLAN PROPONENT BELIEVES THAT THE PLAN OF REORGANIZATION IS IN THE BEST INTEREST OF THE CREDITORS AND THAT THE PLAN IS FAIR AND EQUITABLE. THE PLAN PROPONENT URGES THE VOTERS TO ACCEPT THE PLAN.

Dated: November 30, 2017

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I. INTRODUCTION

Emerald Coast Eateries, Inc. (the "Debtor" or the "Plan Proponent) provides this Disclosure Statement (the "Disclosure Statement") to creditors of the Debtor in order to disclose the information deemed to be material, important, and necessary for the creditors to arrive at a reasonably informed decision in exercising their right to abstain from voting or to vote for acceptance or rejection of the Liquidating Plan of Reorganization (the "Plan") proposed by the Proponent. A copy of the Plan is included in the package you received along with this Disclosure Statement.

Capitalized terms used herein have the meanings assigned to them in the Definitions section in the Plan. Whenever the words "include," "includes" or "including" are used in this Disclosure Statement, they are deemed to be followed by the words "without limitation."

This Disclosure Statement is presented to certain holders of Claims against and Interests in the Debtor in accordance with the requirements of Bankruptcy Code §1125. Bankruptcy Code §1125 requires that a disclosure statement provide information sufficient to enable a hypothetical and reasonable investor, typical of the debtor's creditors and interest holders, to make an informed judgment whether to accept or reject a plan. This Disclosure Statement may not be relied upon for any purpose other than that described above. The Effective Date of the proposed Plan is estimated to be on or before January 31, 2018 but may be later based upon the conditions precedent for the Effective Date as described in this Disclosure Statement.

This Disclosure Statement and the Plan are an integral package, and they must be considered together for the reader to be adequately informed. This introduction is qualified in its entirety by the remaining portions of this Disclosure Statement (including its Exhibits or Schedules), and this Disclosure Statement in turn is qualified in its entirety by the Plan. This Disclosure Statement contains only a summary of the Plan. You are strongly urged to review the Plan, a copy of which is provided herewith, before casting a Ballot.

If there are any inconsistencies between the Plan and the Disclosure Statement, the Plan provisions will govern.

No representations concerning the Debtor (particularly as to the values of its property) are authorized other than as set forth in this Disclosure Statement. You should not rely upon any representations or inducements made to secure your acceptance or rejection of the Plan other than as contained in this Disclosure Statement.

The information contained in this Disclosure Statement, including any exhibits concerning the financial condition of the Debtor, has not been subjected to an audit or independent review except as expressly set forth herein. The Plan Proponent has endeavored in good faith to be accurate in this Disclosure Statement.

The statements contained in this Disclosure Statement are made as of the date of this Disclosure Statement unless another time is specified. There is no guaranty that facts will not change after this Disclosure Statement was filed; and it must be assumed that some facts will indeed change from that time until the hearing on the approval of the Disclosure Statement (discussed below), and thereafter during the periods in which the Reorganized Debtor makes payments under the Plan.

This Disclosure Statement was prepared in accordance with Bankruptcy Code §1125 and not in accordance with federal or state securities laws or other applicable non-bankruptcy law. Entities holding or trading in or otherwise purchasing, selling or transferring claims against, interests in or securities of, the Debtor should evaluate this Disclosure Statement only in light of the purpose for which it was prepared. This Disclosure Statement has not been approved or disapproved by the Securities and Exchange Commission and the Securities and Exchange Commission has not passed upon the accuracy or adequacy of the statements contained herein. Nor may this Disclosure Statement be construed to be advice on the tax, securities or other legal effects of the Plan. You should, therefore, consult with your own legal, business, financial and tax advisors as to any such matters concerning the solicitation, the Plan or the transactions contemplated thereby.

A. Overview of Chapter 11

Chapter 11 comprises the chapter of the Bankruptcy Code primarily used for business reorganization. Formulating a plan to restructure a debtor's finances forms a fundamental purpose of a case under Chapter 11 of the Bankruptcy Code. Businesses also sometimes use Chapter 11 as a means to conduct asset sales and other forms of liquidation. Whether the Debtor seeks to reorganize or liquidate, a Chapter 11 plan sets forth and governs the treatment and rights creditors and interest holders will receive with respect to their claims against and equity interests in a debtor's bankruptcy estate.

The Bankruptcy Code entitles only holders of impaired claims or equity interests who will receive some distribution under a proposed plan to vote to accept or reject the plan. The Bankruptcy Code conclusively presumes that holders of unimpaired claims or equity interests under a proposed plan have accepted the plan and need not vote on it. The Claims in Classes in 1 and 2 of this Plan are Impaired and thus may vote either to accept or reject the Plan. The Plan Proponent has enclosed a Ballot with this Disclosure Statement to solicit the votes of the Creditors in Classes 1 and 2. Those Creditors may vote on the Plan by completing the enclosed Ballot and mailing it to the following address:

ZALKIN REVELL, PLLC
ATTENTION: NATASHA REVELL, ESQUIRE
WATERSIDE BUSINESS CENTER
2441 US HIGHWAY 98W, STE 109
SANTA ROSA BEACH, FL 32459

You should use the Ballot sent to you with this Disclosure Statement to cast your vote for or against the Plan. You may <u>not</u> cast Ballots or vote orally or by facsimile. **For your Ballot to be considered by the Bankruptcy Court, it must be received at the above address by 5:00 p.m. (prevailing Central time) by the date fixed by the Bankruptcy Court on the accompanying scheduling order (the "<u>Voting Deadline</u>").** If you are a Creditor in Class 1 or 2 and you did not receive a Ballot with this Disclosure Statement, please contact:

ZALKIN REVELL, PLLC
ATTENTION: NATASHA REVELL, ESQUIRE
WATERSIDE BUSINESS CENTER
2441 US HIGHWAY 98W, STE 109
SANTA ROSA BEACH, FL 32459

TEL: (850) 267-2111

A ballot that does not indicate acceptance or rejection of a plan will not be considered. An impaired class of claims accepts a plan if at least 2/3 in amount and more than 1/2 in number of the allowed claims in the class that actually vote are cast in favor of the plan. A class of interests accepts a plan if at least 2/3 in amount of the allowed interests of such class that actually vote are cast in favor of the plan. Whether or not you vote, you will be bound by the terms and treatment set forth in the Plan if the Bankruptcy Court confirms the Plan. The Bankruptcy Court may disallow any vote accepting or rejecting the Plan if the vote is not cast in good faith.

Once it is determined which impaired classes have accepted a plan, the Bankruptcy Court will determine whether the plan may be confirmed. For a plan to be confirmed, the Bankruptcy Code requires, among other things, that the plan be proposed in good faith and comply with the other applicable provisions of Chapter 11 of the Bankruptcy Code, including a requirement that at least one class of impaired claims accept the plan, and that confirmation of the plan is not likely to be followed by the need for further financial reorganization. The Bankruptcy Court will confirm a plan only if it finds that all of the requirements enumerated in Bankruptcy Code § 1129 have been met. The Plan Proponent believes that the Plan satisfies all of the requirements for confirmation.

One requirement for confirmation of a plan is called the "best interests test." Notwithstanding acceptance of the plan by each impaired class of claims, in order to confirm a plan, if even one member of an impaired class votes to reject the plan, the Bankruptcy Court must determine that the plan is in the best interests of each holder of a claim or interest in such class. The best interests test requires that the Bankruptcy Court find that the plan provides to each member of such impaired class a recovery on account of the class member's claim or interest that has a value, as of the Effective Date of the Plan, at least equal to the value of the distribution that each such class member would have received if the Debtor's assets were liquidated under Chapter 7 of the Bankruptcy Code on such date.

The Bankruptcy Code also requires that, in order to confirm a plan, the Bankruptcy Court must find that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization of the Debtor ("financial feasibility test"). For a plan to meet this test, the Bankruptcy Court must find that the Debtor's estate and the Reorganized Debtor possess the capital and should generate the other resources to meet their respective obligations under the Plan. The Plan Proponent believes that following confirmation of the Plan, the Reorganized Debtor will be able to fully perform all obligations under the Plan without any need for liquidation or further financial reorganization.

The Bankruptcy Court may confirm a plan notwithstanding the plan's rejection by some impaired classes, if the Bankruptcy Court finds that at least one impaired class of claims (not including any acceptances by "insiders" as defined in Bankruptcy Code §101(31)) has accepted the plan and that the plan satisfies certain additional conditions. This provision, found in Bankruptcy Code §1129(b), is generally referred to as the "cram down" provision. Pursuant thereto, the Bankruptcy Court may confirm a plan over the rejection by a class of secured claims if the plan is fair and equitable and satisfies one of the alternative requirements of Bankruptcy Code §1129(b)(2)(A) (otherwise known as "cram down"). Likewise, the Bankruptcy Court may confirm a plan over the rejection by a class of unsecured claims if the plan is fair and equitable and if the non-accepting claimants will receive the full value of their claims, or (even if the non-accepting claimants receive less than full value), if no class of junior priority will receive or retain anything on account of its pre-petition claims or interests.

THESE ARE COMPLEX STATUTORY PROVISIONS, AND THE PRECEDING PARAGRAPHS ARE NOT INTENDED TO BE A COMPLETE SUMMARY OF THE LAW. IF YOU DO NOT UNDERSTAND THESE PROVISIONS, PLEASE CONSULT WITH YOUR ATTORNEY. THE PLAN PROPONENT EXPECTS THAT IT MAY HAVE TO RELY UPON THE "CRAMDOWN" PROVISION OF BANKRUPTCY CODE § 1129(b) IN ORDER TO CONFIRM THE PLAN.

The Debtor has requested that the Court conditionally approve this Disclosure Statement, which was granted on _____, 2017.

The Bankruptcy Court has set a hearing on confirmation of the Plan and on final approval of this Disclosure Statement for _____, 201_ at _____, United States Bankruptcy Court, 100 N. Palafox Street, Pensacola, FL 32502, Courtroom ____. Creditors may vote on the Plan by filling out and mailing the accompanying ballot form to the Plan Proponent at the address shown below.

If you are entitled to vote, it is in your best interest to timely mark your vote on the enclosed ballot and return the ballot in the enclosed envelope to:

ZALKIN REVELL, PLLC
ATTENTION: NATASHA REVELL, ESQUIRE
WATERSIDE BUSINESS CENTER
2441 US HIGHWAY 98W, STE 109
SANTA ROSA BEACH, FL 32459

Your ballot must be received by _____, 201_ at close of business or it will not be counted.

Any party in interest may object to the confirmation of the Plan, but as explained herein not everyone is entitled to vote to accept or reject the Plan.

Objections to the confirmation of the Plan must be filed with the Bankruptcy Court on or before 5:00 p.m. CDT on _____, 201_ with the Bankruptcy Court and served upon Plan Proponent's counsel at the following addresses:

ZALKIN REVELL, PLLC
ATTENTION: NATASHA REVELL, ESQUIRE
WATERSIDE BUSINESS CENTER
2441 US HIGHWAY 98W, STE 109
SANTA ROSA BEACH, FL 32459
TEL: (850) 267-2111

Any interested party desiring further information about the Plan should contact the Plan Proponent's counsel at the above address.

II. BACKGROUND, HISTORY AND FINANCIAL CONDITION OF DEBTOR

A. Description of the Debtor's Business and Reasons for Filing Petition.

The Debtor was a corporation that had long operated a restaurant under the name of Busters Bar & Grill in Miramar Beach, Florida. The primary reason for the filing of this case was the loss of the

Debtor's lease at its restaurant location. During the time period prior to the loss of the lease, the landlord had significantly restricted the signage at the Debtor's location and took other actions which caused a significant adverse impact on the debtor's business. The debtor and landlord attempted to resolve their disputes but were unable to do so in a manner that would allow the Debtor to remain at the location and, accordingly, the Debtor vacated its restaurant location in October of 2016 and due to the interruption of the Debtor's ongoing business, was forced to file for bankruptcy protection in February of 2017.

The Debtor has been designated a "small business debtor" pursuant to Bankruptcy Code §101(51D) and is subject to the provisions contained in Bankruptcy Code §1116.

B. Significant Events during the Bankruptcy

1. Brief History of Key Motions Filed.

The Debtor filed for Bankruptcy protection on February 3, 2017. The Debtor filed an application to approve retention of Zalkin Revell as its bankruptcy counsel, which was granted by the Court on March 27, 2017. The Debtor filed a Motion to Sell Assets via Auction and to allow the sale to be conducted by NWFL Auction Group, which was granted and the auction sale was completed on or about August 26, 2017 with the funds being deposited into the Debtor's DIP account. Certain of the auction proceeds were paid to SunSouth Capital, which held a lien on a portion of the assets sold.

2. Actions Taken to Resolve the Debtor's Financial Problems

During the several months prior to the lease expiration, the Debtor's management searched diligently for an alternative suitable location for the restaurant but were unable to procure the same prior to the lease expiration and hence upon the closure of the restaurant, the Debtor's equipment and other property was placed in storage.

The Debtor's initial goal was to find a suitable alternative location for its restaurant business and to continue as a going concern. Unfortunately, after several months of searching, the Debtor was unable to procure a suitable alternative location and was forced to reformulate its proposed plan of reorganization into a liquidating plan.

3. Source of Financial Information

The source of financial information for this Disclosure Statement and Plan is from reports from the Debtor, and the Debtor's management.

III. DEBTOR'S OPERATION AND STRUCTURE

A. Brief Summary of the Plan of Reorganization

The Plan provides, generally, for the following:

(i) The payment in full of all Allowed Administrative Expense Claims and Allowed Priority Claims on the Effective Date or upon such other terms as the Debtor and the holder of each Allowed Administrative Expense Claim and Allowed Priority Claim shall agree. These Claims are estimated to be approximately $15,000.00.

(i) The unsecured Allowed Claims of governmental units for unpaid taxes, interest and assessments, if any, entitled to priority under Bankruptcy Code § 507(a)(8) shall be paid in full in cash on the Effective Date or over time as provided for in the Bankruptcy Code. The Debtor does not believe there are any priority tax claims.

(ii) Class 1 consists of the Claim of SunSouth Capital, Inc. ("SunSouth") in the amount of $19,300.00 as represented by Proof of Claim #1 filed by SunSouth. Pursuant to that certain Order Granting the Debtor's Motion to Sell Assets Via Auction Pursuant to Bankruptcy Code §363 (Doc. 43), all of the Debtor's personal property, including the SunSouth Collateral, was sold on or about August 26, 2017. The net proceeds from the sale of the SunSouth Collateral were in the aggregate of $682.50. SunSouth filed a Motion for Payment of Proceeds from Asset Auction (Doc. 52) which was granted on October 30, 2017 (Doc. 58). The Debtor has tendered the net proceeds to SunSouth in full satisfaction of its secured claim. The remainder of SunSouth's Claim #1 shall be allowed as a General Unsecured Claim and shall be treated with Holders of Allowed Class 2 Claims. The sale of the SunSouth Collateral was authorized by the Court and was conducted free and clear of liens, with liens to attach to the proceeds. As the net proceeds have been paid to SunSouth, the lien has been cancelled. Class 1 is Impaired.

(iii) Class 2 consists of Claims of Unsecured Creditors. Each Holder of an Allowed Class 2 Claim shall receive pro-rata payments from the remaining proceeds of the sale of the Debtor's assets after the satisfaction of Administrative and Priority Claims. No Class 2 Unsecured Claim shall be allowed to the extent that it is for interest or other similar charges other than as otherwise specifically and expressly provided for herein.. Class 2 is Impaired.

(iv) Class 3 consists of the Allowed Equity Interests of the Debtor. As this is a liquidating plan, all equity interests shall be cancelled upon the Effective Date and no distribution shall be made to Equity.

B. Executory Contracts

Pursuant to the Plan, any lease or executory contract not assumed or otherwise rejected by order of the Bankruptcy Court or by the terms of the Plan and Confirmation Order are rejected. The Debtor does not believe there are any executory contracts.

C. Objections to Claims

Pursuant to the Plan, the Debtor may object to any scheduled Claim or Proof of Claim filed against the Debtor within 90 days from the date of Confirmation. Such an objection shall preclude the consideration of any claims as "allowed" for the purposes of timely distribution in accordance with the Plan.

D. Preservation of Actions and Causes of Actions

From and after the Effective Date, to the extent not otherwise adjudicated or settled prior to or as a part of the Plan, all rights pursuant to Bankruptcy Code §§ 502, 510, 541, 544, 545 and 546; all preference claims pursuant to Bankruptcy Code § 547; all fraudulent transfer claims pursuant to Bankruptcy Code §§ 544 or 548; all claims relating to post-petition transactions under Bankruptcy Code § 549; all claims recoverable under Bankruptcy Code § 550; and, all claims (including claims arising at common law or equity) against any person, entity, etc., on account of any debt, other claim or

right in favor of the Debtor, are hereby waived, except to the extent necessary to prosecute an adversary action against OnDeck Capital, Inc. ("OnDeck") relating to a dispute regarding the validity and perfection of an asserted lien and to defend against claims or counterclaims raised by OnDeck.

E. Modification of the Plan

The Plan sets forth the manner in which the Plan may be modified before and after it has been confirmed by the Bankruptcy Court. Bankruptcy Code §1127 allows a debtor to amend its plan at any time prior to its confirmation. If the Debtor files a modification of a plan with the Bankruptcy Court, the plan as modified would become the plan. If circumstances so warrant, a Debtor may modify the Plan after confirmation but prior to substantial consummation of the plan. However, the Bankruptcy Court, after notice and a hearing, would then have to confirm the plan as modified. The Plan Proponent reserves the right to modify the terms of the Plan in accordance with the provisions of the Bankruptcy Code, if and to the extent the Plan Proponent determines that such amendments or modifications are necessary or desirable to accomplish the objectives of reorganization. Under the Bankruptcy Rules, any amendments or modifications of the Plan may be approved by the Bankruptcy Court at the Confirmation Hearing without re-solicitation of votes of the members of any Class whose treatment is not adversely affected by such modification.

The Plan Proponent also reserves the right to withdraw the Plan at any time before the entry of the Confirmation Order, in which event the Plan shall be deemed null and void.

IV. MEANS OF EFFECTUATING THE PLAN

A. Funding for the Plan

1. Cash on Hand as of the Effective Date

The Debtor anticipates having approximately $3,975.00 in cash on hand as of the date of filing of the Plan. These funds shall be used to satisfy any Confirmation Payments, including any Allowed Administrative Claims, including Allowed Professional Compensation Claims and United States Trustee fees, to the extent any exist.

2. Adversary Action to Determine Extent and Validity of OnDeck Capital, Inc. Lien and Objection to Claim

The Debtor scheduled OnDeck Capital, Inc. (OnDeck) as a creditor. OnDeck filed Proof of Claim #6 on June 15, 2017, asserting a total claim in the amount of $259,707.94. OnDeck asserted that its claim was secured in the Debtor's assets and attached an unrecorded UCC-1 to support its assertion. The UCC-1 attached to the OnDeck claim was not recorded of record and as such renders OnDeck's claim as unperfected. The Debtor shall be filing an Adversary Action against OnDeck to determine the extent and validity of its lien on the Debtor's assets and to object to Claim #6 and seek to have it reclassified as unsecured. If the Debtor does not prevail on the Objection or the Adversary Action, OnDeck may be entitled to be paid prior to unsecured creditors. However, the Debtor is confident that OnDeck's claim will be rendered unsecured and that its lien on the Debtot's assets will be avoided,

3. Funding of Plan Payments from Funds in Debtor's DIP Account

As this is a liquidating Plan, there will be no continuation of the Debtor's business and the Debtor's do not expect any additional funds will be generated between the filing of the Plan and this Disclosure Statement and the distributions to be made under the Plan following the Effective Date.

V. ANALYSIS OF THE PLAN VS. LIQUIDATION ANALYSIS

All payments as provided for the in the Debtor's Plan shall be funded by the Debtor's cash on hand in the DIP Account.

As with any Plan, an alternative would be a conversion of the Chapter 11 Case to a Chapter 7 case and subsequent liquidation of the Debtor by a duly appointed or elected trustee. In the event of liquidation under Chapter 7, however, there would be an additional tier of administrative expenses entitled to priority over general unsecured claims under Bankruptcy Code §507(a)(1). Such administrative expenses would include Chapter 7 trustee's commissions and fees to the trustee's accountants, attorneys and other professionals which would further reduce the funds available to pay unsecured creditors. Further, a Chapter 7 Trustee may decide to not challenge the extent and validity of the OnDeck Lien and OnDeck could seek to recover against all remaining assets.

All indebtedness scheduled by the Debtor as not disputed, contingent or unliquidated or any indebtedness set forth in a properly executed and filed Proof of Claim shall be deemed an Allowed Claim unless the same is objected to, and the objection thereto is sustained by the Court.

As set forth above, in the event of Chapter 7 liquidation of the Debtor, less funds would be available to Unsecured Creditors than in the instant Chapter 11, because of the additional administrative expenses that would be incurred.

Based upon the foregoing, the Plan Proponent respectfully submits that the Creditors will fare better under the proposed Plan than under a Chapter 7 liquidation and urges all Creditors to vote to accept the Plan.

VI. FEASIBILITY

Another requirement for confirmation involves the feasibility of the Plan, which means that confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor or any successor to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan.

There are at least two important aspects of a feasibility analysis. The first aspect considers whether the Debtor will have enough cash on hand on the Effective Date of the Plan to pay all the claims and expenses that are entitled to be paid on such date. Based upon a review of the expenses incurred to date, the Plan Proponent believes that there will be sufficient funds as of the Effective Date to make all required payments.

The second aspect considers whether the Reorganized Debtor will have enough cash over the life of the Plan to make the required Plan payments. As this is a liquidating Plan and substantially all

of the Debtor's assets have already been liquidated, the funds in the DIP account represent all of the available funds to be distributed.

In conclusion, the Plan Proponent believes that the Plan complies with the financial feasibility standard of Bankruptcy Code §1129(a)(11).

VII. CONFIRMATION BY CRAM DOWN

The Debtor reserves the right, in the event that impaired classes reject the Plan, to seek confirmation of the Plan if the Court finds that the Plan does not discriminate unfairly and is fair and equitable with respect to each dissenting class.

The Plan is deemed fair and equitable if it provides (i) that each holder of a Secured Claim retains its lien and receives deferred cash payments totaling at least the allowed amount of its claim, of a value, as of the effective date of the Plan, of at least the value of its secured interest in the property subject to his lien, and (ii) that each holder of an Unsecured Claim receives property of a value equal to the allowed amount of its claim, or no holder of a junior claim receives or retains any property.

As this is a liquidating Plan and the Secured Claim of SunSouth Capital, Inc. has been satisfied pursuant to the Motion for Payment of Proceeds from Asset Auction (Doc. 52), and Holders of Equity Interests shall receive nothing under the Plan, the fair and equitable standard has been met.

VIII. EFFECT OF CONFIRMATION OF THE PLAN

A. Discharge and Injunction

On the Effective Date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the Effective Date to the extent specified in Bankruptcy Code §1141(d)(1)(A), except that Debtor will not be discharged of any debt (i) imposed by the Plan, (ii) of a kind specified in Bankruptcy Code §1141(d)(6)(A) if a timely complaint was filed in accordance with Fed. R. Bankr. P. 4007(C), or (iii) of a kind specified in Bankruptcy Code §1141 (d)(6)(B). After the Effective Date of the Plan, your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

B. Exculpation

The Plan contains an exculpation provision. Under the Plan, neither the Debtor, its officers, nor their attorneys in the bankruptcy case (the "Releasees") shall have or incur any liability to any Holder of a Claim against the Debtor, or any other party-in-interest, or any of their Representatives, or any of their successors or assigns, for any act, omission, transaction or other occurrence in connection with, relating to, or arising out of the Chapter 11 Case, the pursuit of confirmation of this Plan, or the consummation of this Plan, except and solely to the extent such liability is based on fraud, gross negligence or willful misconduct.

C. Revesting of Assets

Except as otherwise provided for in the Plan regarding treatment of Secured Claims or the Confirmation Order, on Confirmation Date, the property of the Estate of the Debtor, wherever situate,

including but not limited to, any tax benefits available to the Debtor to the extent they are assignable by law shall vest in the Debtor.

IX. RISK FACTORS

The Plan Proponent believes there is minimal risk to creditors if the Plan is confirmed. However, in deciding how to cast your vote, you should consider the following risk factors:

The following discussion is intended to be a non-exclusive summary of certain risks attendant upon the consummation of the Plan. You are encouraged to supplement this summary with your own analysis and evaluation of the Plan and Disclosure Statement, in their entirety, and in consultation with your own advisors. Based on the analysis of the risks summarized below, the Plan Proponent believes that the Plan is viable and will meet all requirements of confirmation.

A. Bankruptcy Risks

If Administrative Expense Claims, Priority Tax or Priority Non-Tax Claims are determined to be Allowed Claims in amounts exceeding the Plan Proponent's estimates, or if Holders of Allowed Administrative Expense Claims do not consent to the payment in accordance with the Plan terms, there may be insufficient Cash on the Effective Date to pay such Claims, and the Plan may not become effective.

B. Tax Risks

The Plan Proponent has not undertaken an analysis of the U.S. Federal income tax consequences on the Holders of Claims as set forth in the Plan. No analysis has been taken regarding foreign, state or local tax consequences of the Plan, Estate and Gift Tax issues are not addressed, nor are any consequences relating to the Alternative Minimum Tax.

NO REPRESENTATIONS ARE MADE REGARDING THE PARTICULAR TAX CONSEQUENCES OF THE PLAN TO ANY HOLDER OF A CLAIM OR INTEREST. EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT ITS OWN TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED HEREIN AND IN THE PLAN.

CIRCULAR 230 DISCLAIMER: The IRS now requires written advice regarding one or more (i.e., United States) tax issues to meet certain standards. Those standards involve a detailed and careful analysis of the facts and applicable law which the Plan Proponent expects would be time consuming and costly. The Plan Proponent has not made and has not been asked to make that type of analysis in connection with any advice given this Disclosure Statement or Plan. As a result, the Plan Proponent is required to advise you that any Federal tax advice rendered in this Disclosure Statement or the Plan is not intended or written to be used and cannot be used for the purpose of avoiding penalties that may be imposed by the IRS.

X. POST-CONFIRMATION STRUCTURE

Upon the Effective Date, the Equity Interests in the Debtor shall be cancelled and no further operations are contemplated except as described in this Disclosure Statement. George and Elizabeth

Seeling shall be authorized to conplete all tasks necessary to carry out all actions necessary and contemplated under the Plan.

XI. MISCELLANEOUS PROVISIONS

1. Notwithstanding any other provisions of the Plan, any Claim which is scheduled as disputed, contingent, or unliquidated or which is objected to in whole or in part on or before the date for distribution on account of such claim, shall not be paid in accordance with the provisions of the Plan until such claim has become an Allowed Claim by a final Order. If allowed, the Claim shall be paid on the same terms as if there had been no dispute.

2. At any time before the Confirmation Date, the Debtor may modify the Plan, but may not modify the Plan so that the Plan, as modified, fails to meet the requirements of Bankruptcy Code §1122 and §1123. After the Debtor files a modification with the Bankruptcy Court, the Plan, as modified, shall become the Plan.

3. At any time after the Confirmation Date, and before Substantial Consummation of the Plan, the Debtor may modify the Plan with permission of the Court so that the Plan, as modified, meets the requirements of §1122 and §1123 of the Bankruptcy Code. The Plan, as modified under this paragraph, shall become the Plan.

4. After the Confirmation Date, the Debtor may, with approval of the Bankruptcy Court, and so long as it does not materially and adversely affect the interest of creditors, remedy any defect or omission, or reconcile any inconsistencies in the Plan or in the Order of Confirmation, in such manner as may be necessary to carry out the purposes and effect of the Plan.

CONCLUSION

It is extremely important for you to exercise your right to vote on the Plan. A Ballot is being provided to you simultaneously herewith for voting purposes, together with a copy of the Order establishing the hearing date to consider confirmation of the Plan.

The Plan provides a distribution to Administrative Expense, Secured, Priority, and General Unsecured Creditors in excess of what could possibly be expected in the event of a Chapter 7 liquidation. **AS SUCH, THE PLAN PROPONENT SUBMITS THAT THE PLAN IS FAIR AND EQUITABLE AND IN THE BEST INTEREST OF ALL HOLDERS OF CLAIMS AND URGES ALL SUCH HOLDERS THAT ARE ENTITLED TO VOTE ON THE PLAN TO VOTE TO ACCEPT THE PLAN**.

Dated: November 30, 2017

Emerald Coast Eateries, Inc.

By_____
Elizabeth Seeling, Secretary
Emerald Coast Eateries, Inc.
Plan Proponent

ZALKIN REVELL, PLLC

/s/ Natasha Z. Revell
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