

THIS DISCLOSURE STATEMENT HAS NOT YET BEEN APPROVED FOR CIRCULATION BY THE BANKRUPTCY COURT. THE BANKRUPTCY COURT WILL SCHEDULE A HEARING AT WHICH TIME IT WILL DETERMINE WHETHER THIS PLEADING CONTAINS ADEQUATE INFORMATION AS THAT PHRASE IS UTILIZED IN 11 U.S.C. § 1125.

IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF FLORIDA, PENSACOLA DIVISION

IN RE:)
)
EAST 30A RESTAURANT) CASE NO. 17-30450-JCO
ASSOCIATES, LLC,) CHAPTER 11
)
Debtor.)

DISCLOSURE STATEMENT FOR THE PLAN OF REORGANIZATION FOR DEBTOR, EAST 30A RESTAURANT ASSOCIATES, LLC

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I.	INTRODUCTION	6
A.	Purpose of This Document	7
B.	Deadlines for Voting and Objecting; Date of Plan Confirmation.....	7
II.	BACKGROUND	8
A.	Description and History of the Debtor’s Business	8
B.	Insiders of the Debtor	8
C.	Management of the Debtor Before, During and After the Bankruptcy	8
1.	Management – Past two years:.....	8
2.	Management on Petition Date and during Chapter 11 case: Jeff Blatt and Kim Sallinger	8
3.	Management Post - Confirmation of the Plan:.....	9
D.	Events Leading to Chapter 11 Filing.....	9
E.	Significant Events During the Bankruptcy Case:.....	10
F.	Projected Recovery of Avoidable Transfers:	10
G.	Claims Objections	10
H.	Current and Historical Financial Conditions.....	11
III.	SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS.....	11
A.	What is the Purpose of the Plan of Reorganization?.....	11
B.	Unclassified Claims.....	11
1.	Administrative Expenses –.....	11
2.	Priority tax claims –	12
C.	Classes of Claims and Equity Interests	13
D.	Means of Implementing the Plan	14
E.	Executory Contracts and Unexpired Leases	15
IV.	RISK FACTORS	16
A.	Insufficient Acceptances	16
B.	Confirmation Risks.....	17
V.	TAX CONSEQUENCES OF CONSUMMATION OF THE PLAN.....	18
A.	Cancellation of Debt Income.....	18
B.	U.S. Federal Income Tax Consequences to Claim Holders.....	20

C.	Information Reporting and Backup Withholding	20
VI.	VOTING AND CONFIRMATION OF THE PLAN	21
A.	General	21
B.	Voting Procedures and Requirements	22
C.	Confirmation Hearing.....	23
D.	Confirmation	23
E.	Acceptance or Cramdown	24
F.	Best Interests Test; Liquidation Analysis	25
G.	Feasibility	25
VII.	EFFECT OF CONFIRMATION OF PLAN	26
A.	Discharge of Debt.....	26
B.	Modification of Plan.....	26
C.	Final Decree.....	26
VIII.	OTHER PLAN PROVISIONS.....	26
IX.	PROVISIONS GOVERNING DISTRIBUTIONS	28
X.	CONDITIONS PRECEDENT	29
XI.	INJUNCTION, EXCULPATION AND RELEASE PROVISIONS	30
XII.	RETENTION OF JURISDICTION	32
XIII.	MISCELLANEOUS PROVISIONS	35
XIV.	RECOMMENDATION AND CONCLUSION.....	40
	CERTIFICATE OF SERVICE	41
	INDEX OF EXHIBITS.....	42

DISCLAIMER

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF CHAPTER 11 PLAN OF LIQUIDATION DATED OCTOBER 19, 2017, SUBMITTED BY EAST 30A RESTAURANT ASSOCIATES, LLC, (“DEBTOR”) (AS MAY BE AMENDED IN ACCORDANCE WITH THE TERMS THEREOF AND APPLICABLE LAW, THE “PLAN”). THE INFORMATION CONTAINED HEREIN MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

THE DESCRIPTION OF THE PLAN CONTAINED IN THIS DISCLOSURE STATEMENT IS INTENDED AS A SUMMARY ONLY AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN ITSELF. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, CAPITALIZED TERMS USED HEREIN AND DEFINED IN THE PLAN SHALL HAVE THE SAME MEANING ATTRIBUTED TO THEM IN THE PLAN. IN THE EVENT OF AN INCONSISTENCY OR AMBIGUITY BETWEEN THE TERMS OR INFORMATION IN THIS DISCLOSURE STATEMENT AND THE TERMS OR INFORMATION IN THE PLAN, THE PLAN PROVISIONS SHALL GOVERN AND APPLY.

ALL CREDITORS AND PARTIES IN INTEREST ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, THE EXHIBITS ANNEXED TO THE PLAN AND ANY PLAN SUPPLEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN SHALL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH § 1125 OF THE UNITED STATES BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST OR EQUITY INTERESTS IN THE DEBTOR.

THIS DISCLOSURE STATEMENT MAY CONTAIN FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A AND SECTION 21E OF THE SECURITIES ACT, AS AMENDED. SUCH STATEMENTS MAY CONTAIN WORDS SUCH AS “MAY,” “WILL,” “MIGHT,” “EXPECT,” “BELIEVE,” “ANTICIPATE,” “COULD,” “WOULD,” “ESTIMATE,” “CONTINUE,” “PURSUE,” OR THE NEGATIVE THEREOF OR COMPARABLE TERMINOLOGY, AND MAY INCLUDE, WITHOUT LIMITATION, INFORMATION REGARDING EXPECTATIONS FOR FUTURE EVENTS. FORWARD-LOOKING STATEMENTS ARE INHERENTLY UNCERTAIN AND ACTUAL RESULTS MAY DIFFER FROM THOSE EXPRESSED OR IMPLIED IN THIS DISCLOSURE STATEMENT AND THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN. IN PREPARING THIS DISCLOSURE STATEMENT, THE DEBTOR RELIED ON FINANCIAL DATA THAT WAS AVAILABLE TO IT AT THE TIME OF SUCH PREPARATION, AND ON VARIOUS ASSUMPTIONS. WHILE THE DEBTOR BELIEVES THAT SUCH FINANCIAL INFORMATION FAIRLY REFLECTS THE FINANCIAL CONDITION OF THE DEBTOR AS OF THE DATE HEREOF AND THAT THE DEBTOR’S ASSUMPTIONS REGARDING FUTURE EVENTS REFLECT REASONABLE BUSINESS JUDGMENTS, NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF THE FINANCIAL INFORMATION CONTAINED HEREIN OR DEBTOR’S ASSUMPTIONS REGARDING DISTRIBUTIONS UNDER THE PLAN. THE DEBTOR EXPRESSLY CAUTIONS READERS NOT TO PLACE

UNDUE RELIANCE ON ANY FORWARDLOOKING STATEMENTS CONTAINED HEREIN.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS AS OF THE FILING DATE OF THIS DISCLOSURE STATEMENT AND THE DEBTOR IS UNDER NO OBLIGATION, AND EXPRESSLY DISCLAIMS ANY OBLIGATION, TO PUBLICLY UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE.

I. INTRODUCTION

On May 19, 2017 (the “Petition Date”), the Debtor filed its voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the Northern District of Florida, Pensacola Division (the “Court” or “Bankruptcy Court”). The Debtor continues in possession of its properties and is managing its business as debtor in possession, pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.

This Disclosure Statement (as may be amended, the “Disclosure Statement”) is being distributed to creditors and parties in interest pursuant to § 1125 of the Bankruptcy Code in connection with the solicitation of votes on the Plan, a copy which is attached hereto as **Exhibit A**. This Disclosure Statement sets forth information regarding the Debtor’s prepetition operating and financial history, its reasons for seeking protection under Chapter 11, and the significant events that have occurred during the Chapter 11 case.

THE COURT’S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A DETERMINATION OF THE MERITS OF THE PLAN. ALL CREDITORS ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT, ITS EXHIBITS, AND THE PLAN IN THEIR ENTIRETY BEFORE DECIDING TO VOTE TO ACCEPT OR REJECT THE PLAN.

Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.

A. Purpose of This Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,
- How the Plan proposes to treat claims or equity interests of the type you hold (*i.e.*, what you will receive on your claim or equity interest if the Plan is confirmed),
- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the “Court”) will consider when deciding whether to confirm the Plan,
- Why the Debtor believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation, and
- The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

B. Deadlines for Voting and Objecting; Date of Plan Confirmation

The Court has not yet confirmed the Plan described in this Disclosure Statement. This Section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. The **Hearing** at which the Court will determine whether to approve the Plan and this Disclosure Statement will take place on _____, 2017, at __:_____.m. in Pensacola, FL, in **Courtroom 1**, at the **United States Bankruptcy Court, 100 N. Palafox Street, Pensacola, Florida**.

2. **Ballots: If you are entitled to vote** to accept or reject the Plan, **vote on the enclosed ballot and return** the ballot in the enclosed envelope to the U.S. Bankruptcy Court, 100 N. Palafox Street, Pensacola, Florida 32502 and send a copy to Maples Law Firm, PC, 200 Clinton Avenue West, Suite 1000, Huntsville, Alabama. See Section VI A. below for a discussion of voting eligibility requirements. A sample **form of Ballot** is attached as **Exhibit B** to this Disclosure Statement, in addition to the ballot enclosed with the mailing of this Disclosure Statement. **You must file your ballot with the Court, on or before the deadline**

set forth within the Order which has been provided within this package, or it may not be counted.

3. Objections to the Disclosure Statement or to the confirmation of the Debtor's Plan must be filed with the Court and served upon the Debtor and all parties in interest on the Local Rule 1007-2 Mailing Matrix or before _____, 2017 at __:_____.m.

4. If you want additional information about the Plan, you should contact Stuart M. Maples, Maples Law Firm, PC, 200 Clinton Avenue West, Suite 1000, Huntsville, Alabama., or via email at: smaples@mapleslawfirmpc.com.

II. BACKGROUND

A. Description and History of the Debtor's Business

Full Service Restaurant/Bar and catering known as Acme Icehouse.

Development: Current State and Future Plans

B. Insiders of the Debtor

JEAE Family Limited Partnership
George & Caren Willig Trust
OGMB, Inc.
Durham Trading Partners
Exeter Capital Management
Huer Holdings, LLC
Kim Sallinger

C. Management of the Debtor Before, During and After the Bankruptcy

1. Management – Past two years:

Bill Shoaf and Kamie Smith

2. Management on Petition Date and during Chapter 11 case:

Jeff Blatt and Kim Sallinger

3. Management Post - Confirmation of the Plan:

Jeff Blatt and Kim Sallinger. On site management is to be determined.

D. Events Leading to Chapter 11 Filing

Debtor was locked out from doing business as the landlord, Village III, LLC and the condominium Home Owners Association initiated repairs and replacement of deficient construction of the exterior of the interior space leased from Village III.

Village III filed for collection of rents that per the terms of the lease were not due as the space was uninhabitable and also for eviction from the space.

Village III and the Home Owners Association claimed the repairs and construction were complete and the Debtor should reopen the business. Debtor responded in writing that the space had not been brought back to operational standard and as was previously improved by Debtor.

During this time, the space began to again leak and mold was found in the space. Law requires that the mold must be remediated prior to reopening the restaurant. While not the requirement of Debtor to remediate, in a need to reopen as soon as possible Debtor undertook remediation.

While not the requirement of Debtor to refit the space after destruction by the HOA/Landlord contractor, in a need to reopen as soon as possible Debtor began refitting space to reopen. During this period leaks reoccurred and the Landlord would not abate rent, pay for repairs or work with Debtor to facilitate and orderly reopening of the business. The Landlord failed to press the HOA to recover damages for he and Debtor as required by the Lease. Further the Landlord continued pressed an eviction of the Debtor while negotiating with others to lease the space.

Debtor filed a claim with its insurance carrier for loss of business and other related losses to operations it believed were covered under its policy. It was determined by the insurance company that the space was not covered due to latent defects on the exterior of the leased space out of the control of the Debtor. In fact, the statement was “the space was never insurable due to the such latent defects” by the engineering firm of the insurance carrier.

Debtor had no other relief as the space was determined to be “uninsurable” and since has been constructively closed by contractor, HOA, and Landlord actions.

Debtor is prepared to reopen the restaurant when the space has been refitted to a condition as it was when the Landlord and the HOA began work in December 2016, clear of mold and can be reasonably assured the repairs are complete and sufficient inside and outside of the space to allow for safe and normal operations.

E. Significant Events During the Bankruptcy Case:

- (a) Violation of the Automatic Stay and Contempt**
- (b) Motions to Dismiss by Landlord and HOA**

F. Projected Recovery of Avoidable Transfers:

The only potential avoidable preference identified to date was an American Express refund paid directly to the Internal Revenue Service. This was treated as a capital return to Blatt, et al., but no return of capital was actually given to Blatt, et al. The amount was approximately \$24,000.00. Mr. Blatt has contributed significant new value since that refund well exceeding the amount of this potential transfer. Based upon this and potentially other factors, the Debtor does not anticipate pursuing this transfer.

G. Claims Objections

(a) Objections to Claims. Notwithstanding the occurrence of the Confirmation Date, and except as to any Claim that has been Allowed prior to such date or pursuant to this Plan, the Debtor, or any other Person authorized under § 502(a) of the Bankruptcy Code, may object to the allowance of any Claim against the Debtor or seek estimation thereof on any grounds permitted by the Bankruptcy Code; provided, however, that after the Effective Date the Bankruptcy Court shall have exclusive authority and responsibility to prosecute objections to Claims.

(b) Disputed Claims. Payments or Distributions under the Plan on account of disputed claims shall be held in reserve pending the allowance or disallowance of the Claim. To the extent any property is distributed to an entity on account of a Claim that is not an Allowed Claim, such property shall promptly be returned to the Disbursing Agent for deposit in the Unpaid Claims Reserve. To the extent that a disputed claim ultimately becomes an Allowed Claim, payments and distributions on account of such Allowed Claim shall be made in

accordance with the provisions of the Plan. As soon as practicable after the date that the order or judgment of the Bankruptcy Code allowing such Claim becomes a Final Order, any property held in reserve as pursuant to the Plan that would have been distributed prior to the date on which a disputed claim becomes an Allowed Claim shall be distributed, together with any dividends, payments or other distributions made on account of such property from the date such distributions would have been due had such Claim then been an Allowed Claim to the date such distributions are made.

H. Current and Historical Financial Conditions

A liquidation analysis of the Debtor's estate's assets as of the Petition Date is listed in **Exhibit C** to this Disclosure Statement.

Attached as **Exhibit D** to this Disclosure Statement are annual projections for the year following Plan confirmation for a total of 4 years.

III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. What is the Purpose of the Plan of Reorganization?

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object, if, in their view, their treatment under the Plan does not comply with that required by the Code.

1. Administrative Expenses –

Administrative Expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy

petition. The Code requires that all administrative expenses be paid on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists the Debtor's estimated **Administrative Expenses**, and their proposed treatment under the Plan:

Type	Estimated Amount Owed	Proposed Treatment
Expenses Arising in the Ordinary Course of Business After Petition Date	\$0	N/A
The Value of Goods Received in the Ordinary Court of Business Within 20 Days Before the Petition Date	\$0	Paid in full on the Effective Date of the Plan, or according to terms of obligation, if later.
Professional Fees, as approved by the Court	<u>Attorney:</u> Maples Law Firm \$10,000 Clay Adkinson \$	Paid in full on the Effective Date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the Effective Date of the Plan
Clerk's Office Fees	Paid as come due	Paid in full on the Effective Date of the Plan
Other administrative expenses	Paid as come due	Paid in full on the Effective Date of the Plan or according to separate written agreement
Office of the U.S. Trustee Fees	Paid as due	Paid in full on the Effective Date of the Plan
TOTAL	\$	

2. Priority tax claims –

Priority tax claims are unsecured income, employment, and other taxes described by section 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, the claimant must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief.

C. Classes of Claims and Equity Interests

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

Class	Status	Treatment	Entitled to Vote	Estimated Amount of Allowed Claims/Approx. Percentage of Recovery
Class 1 – Priority Claims (if any)	Unimpaired	Holders of allowed Class 1 Claims shall be paid in full, with applicable interest, within 60 days of the Effective Date of the Plan or as otherwise agreed to by the parties.	Yes, Entitled to Vote on the Plan	\$0
Class 2 – General Unsecured Creditors	Impaired	All Allowed Class 2 General Unsecured Creditor claims shall be paid from fifty percent (50%) of the Net Plan Profits (as defined in the Plan) of Debtor for five (5) years or until paid in full. However, if unsecured debts are not paid in full by the end of year five (5), any remaining balance will balloon at the end of year six (6) and be due and payable by the Debtor at that time.	Yes, Entitled to Vote on the Plan	\$0 / 50%

Class 3 – Equity Security Holders of the Debtor	Unimpaired	The Equity Holders of the Debtor shall retain their equity as consideration for the contribution of new value made to the Debtor in the form of personal service and management during the Plan period as well as the contribution of their interests in the Debtor.	Yes, Entitled To Vote on the Plan	0%
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D. Means of Implementing the Plan

The key really is to take brick n mortar location and expand outward to provide better less expensive locations to amortize the capital cost of an expensive location in a market. To combine 2 markets one in the South (Texas) and one in the SE (NW part of Florida) and expand and fill in between. This brand will have legs in these 2 markets as well as the markets in between to grow from. The model is to not only rely on in house dining, but to have take-out, catering as well as distribution throughout the same markets.

The growth of the brand will allow for future exit in 5-7 years at a multiple of 1.75-3 x gross sales, as such a \$4,000,000-\$6,000,000 investment which grows to \$14,000,000-\$25,000,000 value depending how much growth one can have in the markets themselves.

The concept is quite simple. In house dining in a family concept with televisions and entertainment for the kids. Televisions for sports and entertainment for the adults and the kids. The locations range from 1,800 sq ft to 2,800 sq ft. In house dining and entertainment which serves full liquor for the late-night crowd along with entertainment for the kids with the adults. The idea is and has been to do 50-55% of sales in house:

- 30-35% of sales thru delivery/take out
- 10-20% of sales thru catered special events

To grow throughout the city of Austin with Salvation Pizza brand and have locations for delivery that sets up a blueprint to allow for delivery throughout the city of

Austin, it's suburb's and eventually the rest of the metro area in Austin. Create the brand Salvation Pizza which has the best of choice New Haven style pizza.

The location at 51 Rainey St. does the prep for all the locations in Austin to maintain quality of product, to provide a central location to efficiently keep labor costs under control and a central location to produce products for resale into other distribution modes; i.e. convenience stores and local markets.

The expansion into Seacrest Beach Florida would be similar to the Austin market except instead of other brick-and-mortar locations expansion would come from other satellite locations at Hightland Condominiums, Seacrest Beach Condominiums-Seacrest Beach, Florida, Bikini Beach Resort-Panama City Florida, Beachside Resorts-Panama City, Florida and expansion in distribution of the product throughout the NW part of Florida. The food product or food mix will be somewhat larger in the brick-and-mortar location where Salvation Pizza Acme is due to the size of operation. The expansion of food product will be burgers, fried seafood, fried chicken, seafood. Very similar to the food mix when Acme Icehouse opened in 2014.

The idea is simple the brick-and-mortar locations will be used 24 hours a day, 7 days a week, for prep and using operation more efficiently as rent is for the entire day try to improve revenue source for the same time period. Branding what is comfort food and a great place to enjoy the indoor of a restaurant.

E. Executory Contracts and Unexpired Leases

The Plan, in Article VI, lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

Consult your adviser or attorney for more specific information about particular contracts or leases. If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

The Deadline for filing a proof of claim based on a claim arising from the rejection of a lease or contract is 30 days after entry of the Court order granting the Debtor's motion to reject the lease or contract. Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court orders otherwise.

IV. RISK FACTORS

The following is intended as a summary of certain risks associated with the Plan, but it is not exhaustive and must be supplemented by the analysis and evaluation made by each holder of a Claim under the Plan and this Disclosure Statement as a whole with such holder's own advisors.

A. Insufficient Acceptances

For the Plan to be confirmed, each Impaired Class of claims is given the opportunity to vote to accept or reject the Plan, except, however, for those classes which will not receive any distribution under the Plan and which are, therefore, considered to have rejected the Plan. With regard to the Impaired Classes which vote on the Plan, the Plan will be deemed accepted by a class of Impaired Claims if the Plan is accepted by holders of claims of such class actually voting on the Plan who hold at least two-thirds in dollar amount and more than one-half in number of the total Allowed Claims of such class. Only those members of a class who vote to accept or reject the Plan will be counted for voting purposes.

If any Impaired class of claims does not accept the Plan, pursuant to § 1129(b) of the Bankruptcy Code, the Bankruptcy Court may still confirm the Plan at the request of the Debtor if, among other things, as to each Impaired Class which has not accepted the Plan, the Plan "does not discriminate unfairly" and is "fair and equitable." The Debtor believes that the Plan affords fair and equitable treatment for all Allowed Claims.

If one or more of the Impaired Classes of claims votes to reject the Plan, the Debtor may request that the Bankruptcy Court confirm the Plan by application of the "cramdown" procedures available under § 1129(b) of the Bankruptcy Code. However, there can be no assurance that the Debtor will be able to use the cramdown provisions of the Bankruptcy Code for confirmation of the Plan. Any modification of the Plan necessary to effect a cramdown may result in a different treatment of claims than those currently afforded in the Plan, which, as to any claim, may be less favorable, and distributions to holders of claims may be delayed.

B. Confirmation Risks

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a Chapter 11 plan, and requires, among other things, a finding by the bankruptcy court that: (a) such plan “does not unfairly discriminate” and is “fair and equitable” with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial restructuring unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting holders of claims and equity interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting holder of an Allowed Claim might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that this Disclosure Statement, the balloting procedures, and the voting results are appropriate, the Bankruptcy Court can still decline to confirm the Plan if it finds that any of the statutory requirements for confirmation have not been met, including the requirement that the terms of the Plan do not “unfairly discriminate” and are “fair and equitable” to nonaccepting classes.

There is **significant risk** to the Debtor’s creditors under the proposed Plan, as the Plan payments are to be made from the operations of the on-going business. Most significantly is whether the Debtor will be able to operate the business in the manner anticipated in its financial projections (*see Ex. D*). The Debtor has not operated on this smaller scale and it is impossible to know with certainty what unanticipated expenses there may be as a result thereof.

Notwithstanding same, Debtor believes it has adequately anticipated the future as best as possible and believes its financial projections are reasonable and achievable by the Debtor.

V. TAX CONSEQUENCES OF CONSUMMATION OF THE PLAN

A GENERAL DESCRIPTION OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN IS PROVIDED BELOW. NO RULING HAS BEEN REQUESTED FROM THE IRS; NO OPINION HAS BEEN REQUESTED FROM THE DEBTOR'S COUNSEL CONCERNING ANY TAX CONSEQUENCE OF THE PLAN; AND NO TAX OPINION IS GIVEN BY THIS DISCLOSURE STATEMENT.

THE DESCRIPTION THAT FOLLOWS DOES NOT COVER ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO THE DEBTOR OR HOLDERS OF CLAIMS OR INTERESTS. FOR EXAMPLE, THE DESCRIPTION DOES NOT ADDRESS ISSUES OF SPECIAL CONCERN TO CERTAIN TYPES OF TAXPAYERS, SUCH AS DEALERS IN SECURITIES, LIFE INSURANCE COMPANIES, FINANCIAL INSTITUTIONS, TAX EXEMPT ORGANIZATIONS AND NON-U.S. TAXPAYERS, NOR DOES IT ADDRESS TAX CONSEQUENCES TO HOLDERS OF INTERESTS IN THE DEBTOR. IN ADDITION, THE DESCRIPTION DOES NOT DISCUSS STATE, LOCAL OR NON-U.S. TAX CONSEQUENCES.

TO ENSURE COMPLIANCE WITH UNITED STATES INTERNAL REVENUE SERVICE CIRCULAR 230, (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON BY HOLDERS, FOR PURPOSES OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH HOLDERS UNDER THE CODE; (B) SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OF THE PLAN; AND (C) EACH HOLDER OF A CLAIM SHOULD SEEK ADVICE BASED ON SUCH HOLDER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. Cancellation of Debt Income

Generally, the discharge of a debt obligation by a debtor for an amount less than the adjusted issue price (in most cases, the amount the debtor received on incurring the obligation, with certain adjustments) creates cancellation of indebtedness ("COD") income, which must be included in the debtor's income. COD income, however, is not recognized by a taxpayer that is a debtor in a reorganization case if the discharge is granted by the court or pursuant to a plan of reorganization approved by the court. The Plan, if approved, would enable the

Debtor to qualify for this bankruptcy exclusion rule with respect to any COD income triggered by the Plan.

If debt is discharged in a reorganization case, however, certain income tax attributes otherwise available and of value to the debtor are reduced, in most cases by the amount of the indebtedness forgiven. Tax attributes subject to reduction include: (a) net operating losses (“NOLs”) and NOL carryforwards; (b) most credit carryforwards, including the general business credit and the minimum tax credit; (c) capital losses and capital loss carryforwards; (d) the tax basis of the debtor’s depreciable and nondepreciable assets, but not in an amount greater than the excess of the aggregate tax bases of the property held by the debtor immediately after the discharge over the aggregate of the debtor’s liabilities immediately after the discharge; and (e) foreign tax credit carryforwards.

The U.S. federal income tax consequences of a transfer to a holder may also depend on whether the item to which the payment relates has previously been included in the holder’s gross income or has previously been subject to a loss or bad debt deduction. For example, if a payment is made in satisfaction of a receivable acquired in the ordinary course of a holder’s trade or business, the holder had previously included the amount of such receivable payment in its gross income under its method of accounting, and had not previously claimed a loss or bad debt deduction for that amount, the receipt of the payment should not result in additional income to the holder but may result in a loss. Conversely, if the holder had previously claimed a loss or bad debt deduction with respect to the item previously included in income, the holder generally would be required to include the amount of the payment in income.

A holder receiving a payment under the Plan in satisfaction of its Claim generally may recognize taxable income or loss measured by the difference between (a) the amount of cash and the fair market value (if any) of any property received and (b) its adjusted tax basis in the claim. For this purpose, the adjusted tax basis may include amounts previously included in income (less any bad debt or loss deduction) with respect to that item. The character of any income or loss that is recognized will depend upon a number of factors, including the status of the creditor, the nature of the claim in its hands, whether the claim was purchased at a discount, whether and to what extent the creditor has previously claimed a bad debt deduction with respect to the claim, and the creditor’s holding period of the claim. This income or loss may be ordinary income or loss if the distribution is in satisfaction of accounts or notes receivable acquired in the ordinary course of the holder’s trade or business for the performance of services or for the sale of

goods or merchandise. Generally, the income or loss will be capital gain or loss if the claim is a capital asset in the holder's hands.

Market discount is the amount by which a holder's tax basis in a debt obligation immediately after its acquisition is exceeded by the adjusted issue price of the debt obligation at such time, subject to a *de minimis* exception. A holder generally is required to include gain on the disposition of a market discount debt instrument as ordinary income to the extent of the accrued market discount on the debt instrument.

B. U.S. Federal Income Tax Consequences to Claim Holders

The U.S. federal income tax consequences to a holder receiving, or entitled to receive, a payment in partial or total satisfaction of a Claim may depend on a number of factors, including the nature of the Claim, the holder's method of accounting, and its own particular tax situation. Because the Holders' Claims and tax situations differ, Holders should consult their own tax advisors to determine how the Plan affects them for federal, state and local tax purposes, based on their particular tax situations.

Among other things, the U. S. federal income tax consequences of a payment to a holder may depend initially on the nature of the original transaction pursuant to which the Claim arose. For example, a payment in repayment of the principal amount of a loan is generally not included in the gross income of an original lender.

C. Information Reporting and Backup Withholding

Certain payments or distributions pursuant to the Plan may be subject to information reporting to the IRS. Moreover, such reportable payments may be subject to backup withholding (at the then applicable rate (currently 28%)) unless the taxpayer: (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact or (b) provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the taxpayer is not subject to backup withholding because of a failure to report all dividend and interest income.

Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax and the appropriate information is supplied to the IRS.

In addition, from an information reporting perspective, Treasury Regulations generally require disclosure by a taxpayer on its federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds.

THE FOREGOING IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND PROFESSIONAL TAX ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR INTEREST. HOLDERS OF CLAIMS OR INTERESTS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.

Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, and/or Advisors.

No analysis of the Federal tax consequences of confirmation of the Plan has been made and you should consult with your own tax expert to determine what, if any, tax consequences may result from confirmation of the Debtor's Plan of Reorganization.

VI. VOTING AND CONFIRMATION OF THE PLAN

A. General

To confirm the Plan, the Bankruptcy Code requires that the Bankruptcy Court make a series of findings concerning the Plan and the Debtor, including that:

- the Plan has classified Claims and Interests in a permissible manner;
- the Plan complies with the applicable provisions of the Bankruptcy Code;
- the Debtor has complied with the applicable provisions of the Bankruptcy Code;
- the Debtor, as proponent of the Plan within the meaning of § 1129 of the Bankruptcy Code, has proposed the Plan in good faith and not by any means forbidden by law;

- the disclosures required by § 1125 of the Bankruptcy Code have been made;
- the Plan has been accepted by the requisite votes of creditors and equity interest Holders, except to the extent that cramdown is available under § 1129(b) of the Bankruptcy Code;
- the Plan is in the “best interests” of all Holders of Claims or Interests in an impaired Class that have not accepted the Plan (that is, that such creditors will receive at least as much pursuant to the Plan as they would receive or retain in a Chapter 7 liquidation);
- the Plan is feasible (that is, there is a reasonable prospect that the Debtor will be able to perform its obligations under the Plan); and
- all fees and expenses payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid, or the Plan provides for the payment of such fees on the Effective Date.

B. Voting Procedures and Requirements

Pursuant to the Bankruptcy Code, only classes of claims against, or equity interests in, a debtor that are “impaired” under the terms of the Debtor’s plan are entitled to vote to accept or reject the plan. A Class is “impaired” if the legal, equitable or contractual rights attaching to the Claims or equity interests of that class are modified, other than by curing defaults and reinstating maturity. Classes of Claims that are not impaired are not entitled to vote on a plan and are conclusively presumed to have accepted that plan. Classes of Claims or equity interests that receive no distributions under a plan are not entitled to vote on that plan and are deemed to have rejected that plan unless such class otherwise indicates acceptance.

Pursuant to § 502 of the Bankruptcy Code and Bankruptcy Rule 3018, the Bankruptcy Court may estimate and temporarily allow a Claim for voting or other purposes. By order of the Bankruptcy Court, voting procedures have been established, which include certain vote tabulation rules that temporarily allow or disallow certain Claims for voting purposes only. These voting procedures, including the tabulation rules, are described in the solicitation materials provided with your Ballot.

VOTING ON THE PLAN BY EACH HOLDER OF AN IMPAIRED CLAIM ENTITLED TO VOTE ON THE PLAN IS IMPORTANT. IF YOU HOLD CLAIMS IN MORE THAN ONE CLASS OF IMPAIRED CLAIMS

ENTITLED TO VOTE OR MULTIPLE CLAIMS IN ANY SUCH CLASS, YOU MAY RECEIVE MORE THAN ONE BALLOT. YOU SHOULD COMPLETE, SIGN AND RETURN EACH BALLOT YOU RECEIVE. PLEASE CAREFULLY FOLLOW ALL OF THE INSTRUCTIONS CONTAINED ON THE BALLOT OR BALLOTS PROVIDED TO YOU. ALL BALLOTS MUST BE COMPLETED AND RETURNED IN ACCORDANCE WITH THE INSTRUCTIONS PROVIDED.

C. Confirmation Hearing

The Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on whether the Debtor has fulfilled the requirements of § 1129 of the Bankruptcy Code relating to the Confirmation of the Plan. The Confirmation Hearing will be on _____, 2017 at __:____ .m.

The Confirmation Hearing may be continued or adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement of the continued or adjourned date made at the Confirmation Hearing. Any objection to Confirmation of the Plan must be made in writing, filed at least seven days prior to the Confirmation Hearing, and must specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim or Interest held by the objector.

Any such objections must be filed and served upon the persons designated in the notice of the Confirmation Hearing, in the manner and by the deadline described in such notice.

D. Confirmation

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the applicable requirements of § 1129 of the Bankruptcy Code are satisfied. These requirements include that the Plan:

- is accepted by the requisite Holders of claims and equity interests in each impaired class of the Debtor or, if not so accepted, has been accepted by the requisite Holders of at least one impaired class and is “fair and equitable” and “does not discriminate unfairly” as to each non-accepting class;

- is either accepted by, or is in the “best interests” of, each holder of a claim or equity interest in each impaired class of the Debtor;
- is feasible; and
- complies with the other applicable provisions of the Bankruptcy Code.

E. Acceptance or Cramdown

A plan is accepted by an impaired class of claims if holders of at least two-thirds in dollar amount and a majority in number of claims in such class that are allowed or have been temporarily allowed for voting purposes, as the case may be, and that are held by holders of such claims who actually vote to accept or reject such plan vote to accept it. Section 1129(b) of the Bankruptcy Code contains so-called “cramdown” provisions pursuant to which a plan may be confirmed even if it is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it and the Bankruptcy Court finds that it is “fair and equitable” and “does not discriminate unfairly” as to each impaired class that does not accept the Plan or is deemed to have rejected it. The “fair and equitable” standard, which includes the “absolute priority rule,” requires, among other things, that unless a dissenting class of unsecured claims receives full compensation for the aggregate allowed amount of such claims, no holder of an Allowed Claim in any class junior to such class may receive or retain any property on account of such claim. With respect to a dissenting class of secured claims, the “fair and equitable” standard requires, among other things, that holders of such claims either retain their liens and receive deferred cash payments with a value as of the date on which such plan is effective, equal to the value of their interest in property of the applicable estate, or receive the “indubitable equivalent” of their secured claims. The “fair and equitable” standard has also been interpreted to prohibit any class of claims senior to a dissenting class from receiving under a plan more than 100% of the aggregate allowed amount of such claims. The requirement that a plan not “discriminate unfairly” means, among other things, that a dissenting class of claims must be treated substantially equally with respect to other classes of claims of equal rank.

The Debtor does not believe that the Plan unfairly discriminates against any class that may not accept or otherwise consent to the Plan. The Debtor believes that the Plan is “fair and equitable” and “does not discriminate unfairly” as to each Impaired Class entitled to vote upon the Plan or deemed to have rejected it. If a class votes to reject the Plan, the Debtor will seek Confirmation of the Plan under the “cramdown” provisions of the Bankruptcy Code. The Debtor may also seek confirmation of the Plan with respect any other impaired Class that does not accept

the Plan and has reserved the right to modify the Plan to the extent that Confirmation of the Plan requires modification.

F. Best Interests Test; Liquidation Analysis

Notwithstanding acceptance of a plan by each impaired class (or satisfaction of the “cramdown” provisions of the Bankruptcy Code in lieu thereof), for a plan to be confirmed, the Bankruptcy Court must determine that the plan is in the best interest of each holder of a claim who is in an impaired class and has not voted to accept the plan.

Accordingly, to confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. Attached to this Disclosure Statement (*see Ex. C*) is Debtor’s Liquidation Analysis. As all the assets of the Debtor are subject to liens and encumbrances in a chapter 7 case, unsecured creditors would receive no distribution.

G. Feasibility

Pursuant to § 1129(a)(11) of the Bankruptcy Code, the Court must find that “[c]onfirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization of the debt or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan.”

The Debtor believes that it 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 that date. The Debtor must also show that it will have enough cash over the life of the Plan to make the required future Plan financial information. Those projections are set forth in the Debtor’s annual projections for the years following Plan confirmation (*see Ex. D*). Accordingly, the Debtor believes the feasibility standard will easily be met.

You should consult with your accountant or other financial advisor if you have any questions pertaining to these projections.

VII. EFFECT OF CONFIRMATION OF PLAN

A. Discharge of Debt

Except as otherwise expressly provided in the Plan or in the confirmation order, the confirmation order shall operate as a discharge, pursuant to Section 1141(d) of the Bankruptcy Code, to the fullest extent permitted by applicable law, as of the Effective Date of the Plan, of any and all debts of, and claims of any nature whatsoever against the Debtor that arose at any time prior to the confirmation date, including any and all claims for principal and interest, whether accrued before, on or after the Petition Date.

B. Modification of Plan

The Debtor may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new Disclosure Statement and/or re-voting on the Plan.

The Debtor may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated *and* (2) the Court authorizes the proposed modifications after notice and a hearing.

C. Final Decree

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the reorganized Debtor, or such other party as the Court shall designate in the Plan confirmation order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

VIII. OTHER PLAN PROVISIONS

General Provisions

Revestment of Reorganized Debtor. On the Effective Date of the Plan, except as otherwise expressly provided in the Plan, the reorganized Debtor shall be revested with all of their assets free and clear of any and all liens, debts, obligations, claims, cure claims, liabilities, equity interests, and all other interests of every kind and nature (except for any permitted encumbrances), and the confirmation order shall so provide.

Section 1146 Exemption. Pursuant to Section 1146(c) of the Bankruptcy Code, the making or delivery of any instrument of transfer pursuant to, in implementation of, or as contemplated by the Plan or any Plan document, or the re-vesting, transfer, or sale of any real or personal property of, by, or in the Debtor or the reorganized Debtor pursuant to, in implementation of, or as contemplated by the Plan or any Plan document shall not be taxed under any state or local law imposing a stamp tax, transfer tax, or similar tax or fee.

General Causes of Action. On the Effective Date, the Reorganized Debtor shall retain all causes of action, except to the extent a creditor or other third party has been specifically released from any cause of action that the estate may have by the terms of the Plan or by Bankruptcy Court order. Neither a vote to accept the Plan by any creditor nor the entry of the confirmation order will result in the waiver or release of any of the estate's causes of action against such creditor. Confirmation of the Plan and entry of the confirmation order are not intended to and shall not be deemed to have any *res judicata* or other effect which would preclude or inhibit prosecution of such causes of action following confirmation of the Plan, whether specified in this Plan or otherwise.

Settlement of Causes of Action. The reorganized Debtor may settle any cause of action with the approval of the Bankruptcy Court.

Adversary Proceeding(s). In the event that an adversary proceeding is filed against the Debtor, such shall be deemed dismissed with prejudice on the Effective Date of the Plan, with each party to bear its own costs and attorney's fees in conjunction with such proceeding. All issues and controversies shall be deemed fully settled and resolved upon confirmation, with each of such parties having fully released each other from any and all claims and defenses whatsoever in conjunction with their claims, other than as specifically set forth in this Plan, or the order confirming the Plan.

Dismissal of Lawsuits. All lawsuits filed against the Debtor shall be deemed dismissed with prejudice on the Effective Date, with each party to bear its own costs and attorney's fees in conjunction with such lawsuits. All issues and controversies shall be deemed fully settled and resolved upon confirmation, with each of such parties having fully released each other from any and all claims and defenses whatsoever, other than as specifically set forth in this Plan, or the order confirming the Plan.

IX. PROVISIONS GOVERNING DISTRIBUTIONS

Distributions. Each holder of an allowed claim shall be paid as provided by this Plan; provided however, that if, on the Distribution Date, any disputed claims remain, then the reorganized Debtor shall withhold payment in respect of any disputed claim until a final order has been entered by the Bankruptcy Court resolving such disputed claim.

Unclaimed Distributions.

(a) If the holder of an Allowed Claim fails to negotiate a check issued to such holder within ninety (90) days of the date such check was issued, then the reorganized Debtor shall provide written notice to such holder stating that unless such holder negotiates such check within thirty (30) days of the date of such notice, the amount of cash attributable to such check shall be deemed to be unclaimed, such holder's claim shall no longer be deemed to be allowed, and such holder shall be deemed to have no further claim in respect of such check and shall not participate in any further distributions under the Plan.

(b) If a distribution pursuant to the Plan to any holder of an Allowed Claim is returned to the reorganized Debtor due to an incorrect or incomplete address for the holder of such Allowed Claim, and no claim is made to the reorganized Debtor as to such distribution within one hundred twenty (120) days of the return of such distribution, then the amount of cash attributable to such distribution shall be deemed to be unclaimed and such holder shall be deemed to have no further claim in respect of such distribution and shall not participate in any further distributions under the Plan.

Transfer of Claim. In the event that the holder of any claim shall transfer such claim on and after the Effective Date, it shall immediately advise the reorganized Debtor in writing of such transfer. The reorganized Debtor shall be entitled to assume that no transfer of any claim has been made by any holder unless and until the reorganized Debtor shall have received written notice to the contrary. Each transferee of any claim shall take such claim subject to the provisions of the Plan and to any request made, waiver or consent given, or other action taken hereunder and, except as otherwise expressly provided in such notice, the reorganized Debtor shall be entitled to assume conclusively that the transferee named in such notice shall thereafter be vested with all rights and powers of the transferor under the Plan.

Determination of Claims.

(a) Following the Effective Date of the Plan and except as may otherwise be provided herein, the reorganized Debtor shall have standing to and may object to any administrative claim, priority claim, priority tax claim, secured claim, and unsecured claims. Unless otherwise ordered by the Bankruptcy Court, and except as to any late-filed claims and claims resulting from the rejection of executory contracts or unexpired leases, all objections to claims shall be filed with the Bankruptcy Court on or before sixty (60) days following the Effective Date (unless such period is extended by the Bankruptcy Court upon motion of the reorganized Debtor), and the confirmation order shall contain appropriate language to that effect.

(b) Disputed claims shall be fixed or liquidated in the Bankruptcy Court as core proceedings within the meaning of 28 U.S.C. §157(b)(2)(B) unless the Bankruptcy Court orders otherwise. If the fixing or liquidation of a contingent or unliquidated claim would cause undue delay in the administration of the reorganization case, such claim shall be estimated by the Bankruptcy Court for purposes of allowance and distribution. Upon receipt of a timely-filed Proof of Claim, the Debtor or other party in interest may file a request for estimation along with its objection to the claim set forth therein. The determination of claims in estimation hearings shall be binding for purposes of establishing the maximum amount of the claim for purposes of allowance and distribution. Procedures for specific estimation hearings, including provisions for discovery, shall be set by the Bankruptcy Court giving due consideration to applicable Bankruptcy Rules and the need for prompt determination of the disputed claim.

De Minimis Distributions on Account of Allowed Claims. To avoid the disproportionate expense and inconvenience associated with making distributions in amounts of less than one dollar (\$1.00) each with respect to Allowed Claims, the reorganized Debtor shall not be required to make, and shall be excused from making, distributions in amounts of less than \$1.00 each to holders of Allowed Claims.

X. CONDITIONS PRECEDENT

Condition Precedent to Confirmation of the Plan. The Bankruptcy Court shall not enter the confirmation order, confirmation of the Plan shall not be effective, and the Debtor shall not be obligated to consummate the Plan, unless

the Bankruptcy Court shall have made such findings and determinations regarding the Plan as shall enable the entry of the confirmation order in a manner consistent with the provisions of the Plan and in form and substance satisfactory to the Debtor.

Condition Precedent to Effective Date. The Plan shall not be consummated and the Effective Date shall not occur until the Bankruptcy Court has entered the confirmation order, in form and substance satisfactory to the Debtor, on the docket of this case, and no stay of the confirmation order shall be in effect.

Waiver of Conditions Precedent. The Debtor may elect to waive any condition precedent set forth above that has not been satisfied on or before the date of the confirmation hearing.

XI. INJUNCTION, EXCULPATION AND RELEASE PROVISIONS

General Injunction. Pursuant to Sections 105, 1123, 1129, and 1141 of the Bankruptcy Code, in order to preserve and implement the various transactions contemplated by and provided for in the Plan, as of the confirmation date, except as otherwise provided in the Plan or in the confirmation order, all persons or entities that have held, currently hold or may hold a claim or other debt or liability, that is discharged pursuant to the terms of the Plan are and shall be permanently enjoined and forever barred to the fullest extent permitted by law from taking any of the following actions on account of any such discharged claims, debts or liabilities, other than actions brought to enforce any rights or obligations under the Plan or the Plan documents: (a) commencing or continuing in any manner any action or other proceeding against the Debtor, the reorganized Debtor, or its respective properties; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtor, the reorganized Debtor, or their assets; (c) creating, perfecting or enforcing any lien or encumbrance against the Debtor, the reorganized Debtor, or their assets; (d) asserting a setoff, right of subrogation, or recoupment of any kind against any debt, liability or obligation due to the Debtor or the reorganized Debtor; or (e) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan or the confirmation order. The Debtor and the reorganized Debtor shall have the right to independently seek enforcement of this general injunction provision. This general injunction provision is an integral part of the Plan and is essential to its implementation.

Exculpation from Liability. The Debtor, the reorganized Debtor, its respective directors, officers, employees, agents, representatives, accountants, attorneys, and professionals (acting in such capacity), and their respective heirs, executors, administrators, successors, and assigns, will neither have nor incur any liability whatsoever to any person or other entity for any act taken or omitted to be taken in good faith in connection with or related to the formulation, preparation, dissemination, implementation, confirmation, or consummation of the Plan, the Disclosure Statement, any Plan document, or any contract, instrument, release, or other agreement or document created or entered into, or any other act taken or omitted to be taken, in connection with the Plan or the reorganization case. The rights granted herein are cumulative with (and not restrictive of) any and all rights, remedies, and benefits that the Debtor, the reorganized Debtor, and its respective agents have or obtain pursuant to any provision of the Bankruptcy Code. This exculpation from liability provision is an integral part of the Plan and is essential to its implementation.

Release. To the extent permitted under the Bankruptcy Code, on the Effective Date of the Plan, the post confirmation Debtor shall be unconditionally and hereby is deemed to be unconditionally released from any and all claims, obligations, suits, judgments, damages, rights, remedies, causes of action, charges, costs, debts, indebtedness, or liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity, or otherwise, based in whole or in part upon any act or omission, transaction, event or other occurrence taking place between the Petition Date and the Effective Date, which is in any way relating to the Debtor, this reorganization case, any assets of the Debtor, the business or operations of the Debtor, the Plan, or any of the transactions contemplated thereby. The confirmation order shall enjoin the prosecution by any person or entity, whether directly, derivatively or otherwise, of any such claim, obligation, suit, judgment, damage, right, remedy, cause of action, charge, cost, debt, indebtedness, or liability which arose or accrued during such period or was or could have been asserted against any of the Principals, except as otherwise provided in the Plan, the Plan documents or the Confirmation Order. Each of the Principals shall have the right to independently seek enforcement of this release provision. This release provision is an integral part of the Plan and is essential to its implementation.

Term of Certain Injunctions and Automatic Stay. All injunctions or automatic stays provided for in the reorganization case pursuant to Sections 105, 362, or other applicable provisions of the Bankruptcy Code, or otherwise, and in existence on the confirmation date, shall remain in full force and effect until the Effective Date. Any preliminary or permanent injunction entered by the Bankruptcy

Court shall continue in full force and effect following the confirmation date and the final decree date, unless otherwise ordered by the Bankruptcy Court.

No Liability for Tax Claims. Unless a taxing governmental authority has asserted a claim against the Debtor before the bar date or administrative expense claims bar date established with respect to such claim, no claim of such governmental authority shall be allowed against the Debtor or the reorganized Debtor for taxes, penalties, interest, additions to tax, or other charges arising out of the failure, if any, of the Debtor, any of his affiliates, or any other person or entity to have paid tax or to have filed any tax return (including any income tax return or franchise tax return) in or for any prior year or arising out of an audit of any return for a period before the Petition Date.

No Liability for Untimely Administrative Expense Claims. Holders of administrative expense claims (including holders of any claims for post-petition federal, state or local taxes) that do not file an application or other Bankruptcy Court-approved pleading by the administrative expense claims bar date shall be forever barred from asserting such administrative expense claims against the Debtor, the reorganized Debtor, or any of its respective properties.

XII. RETENTION OF JURISDICTION

General Retention. Notwithstanding the entry of the confirmation order and the occurrence of the Effective Date, until the reorganization case is closed, the Bankruptcy Court shall retain the most full and extensive jurisdiction of the reorganization case that is permitted by applicable law, including that necessary to ensure that the purposes and intent of the Plan are carried out.

Specific Purposes. In addition to the general retention of jurisdiction set forth in this Plan, after confirmation of the Plan and until the reorganization case is closed, the Bankruptcy Court shall retain jurisdiction of the reorganization case for the following specific purposes:

- (a) to allow, disallow, determine, liquidate, classify, estimate, or establish the priority or secured or unsecured status of any claim or equity interest, including the resolution of any application for an administrative expense, and to determine any and all objections to the allowance or priority of claims or equity interests;

(b) to determine any and all cases, controversies, suits or disputes arising under or relating to the Plan or the confirmation order (including regarding the effect of any release, discharge, or injunction provisions provided for herein or affected hereby and regarding whether conditions to the consummation and/or Effective Date of the Plan have been satisfied) and to enforce the obligations under the Plan;

(c) to determine any and all applications for allowance of compensation of professionals and reimbursement of expenses under Section 330, 331 or 503(b) of the Bankruptcy Code arising out of or relating to the reorganization case; provided, however, that this retention of jurisdiction shall not require prior Bankruptcy Court approval of the payment of fees and reimbursement of expenses of professionals after confirmation of the Plan unless an objection to such fees and expenses has been made by the Debtor or the reorganized Debtor;

(d) to determine any and all motions pending as of the date of the Confirmation Hearing (including pursuant to the Plan) for the rejection, assumption or assignment of executory contracts or unexpired leases to which the Debtor is a party or with respect to which the Debtor may be liable (including assumed contracts), and to determine the allowance of any claims resulting from the rejection thereof or any amount necessary to cure defaults in any assumed and/or assigned executory contracts or unexpired leases (including assumed contracts), including cure claims;

(e) to determine any and all motions, applications, adversary proceedings, contested or litigated matters, causes of action, and any other matters involving the Debtor or the reorganized Debtor commenced in connection with, or arising during, the reorganization case and pending on the Effective Date, including approval of proposed settlements thereof;

(f) to enforce, interpret, and administer the terms and provisions of the Plan and the Plan documents;

(g) to modify any provisions of the Plan to the fullest extent permitted by the Bankruptcy Code and the Bankruptcy Rules;

(h) to consider and act on the compromise and settlement of any claim against or equity interest in the Debtor or the estate;

- (i) to assure the performance by the reorganized Debtor of its obligations to make distributions under the Plan;
- (j) to correct any defect, cure any omission, reconcile any inconsistency, and make any other necessary change or modification in or to the Disclosure Statement, the Plan, the Plan documents, the Confirmation Order, or any exhibits or schedules to the foregoing, as may be necessary or appropriate to carry out the purposes and intent of the Plan, including the adjustment of the date(s) of performance under the Plan in the event the Effective Date does not occur as provided herein so that the intended effect of the Plan may be substantially realized thereby;
- (k) to resolve any disputes concerning any release of a nondebtor hereunder or the injunction against acts, employment of process, or actions against such nondebtor arising hereunder;
- (l) to enforce all orders, judgments, injunctions, and rulings entered in connection with this reorganization case;
- (m) to enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases, indentures and other agreements or documents created in connection with the Plan, the Disclosure Statement (if required), or the confirmation order, including the Plan documents;
- (n) to review and approve any sale or transfer of assets or property by the Debtor or the reorganized Debtor, including prior to or after the date of the Plan, and determine all questions and disputes regarding such sales or transfers;
- (o) to determine all questions and disputes regarding title to the assets of the Debtor, the estate, or the reorganized Debtor;
- (p) to determine any motions or contested matters relating to the causes of action, whether brought before or after the Effective Date;
- (q) to determine any motions or contested matters involving taxes, tax refunds, tax attributes, tax benefits and similar or related matters with respect to the Debtor arising on or prior to the Effective Date or arising on account of transactions contemplated by the Plan;

(r) to resolve any determinations which may be requested by the Debtor or the reorganized Debtor of any unpaid or potential tax liability or any matters relating thereto under Sections 505 and 1146(d) of the Bankruptcy Code, including tax liability or such related matters for any taxable year or portion thereof ending on or before the Effective Date;

(s) to issue injunctions, enter, and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any person or entity with consummation, implementation or enforcement of the Plan or the confirmation order;

(t) to enter and implement such orders as are necessary or appropriate if the confirmation order is for any reason modified, stayed, reversed, revoked, or vacated;

(u) to determine any other matters that may arise in connection with or relating to the Plan, the Disclosure Statement (if required), the confirmation order, or the Plan documents;

(v) to enter such orders as are necessary to implement and enforce the injunctions described herein;

(w) to determine such other matters and for such other purposes as may be provided for in the confirmation order or as may from time to time be authorized under the provisions of the Bankruptcy Code or any other applicable law; and

(x) to enter an order concluding and terminating the reorganization case.

Closing of the Reorganization Case. In addition to the retention of jurisdiction set forth above, the Bankruptcy Court shall retain jurisdiction of the reorganization case to enter an order reopening the reorganization case after it has been closed.

XIII. MISCELLANEOUS PROVISIONS

No Admissions. The Plan provides for the resolution, settlement and compromise of claims against and equity interests in the Debtor. Nothing herein

shall be construed to be an admission of any fact or otherwise binding upon the Debtor in any manner prior to the Effective Date.

Revocation or Withdrawal of the Plan. The Debtor reserves the right to revoke or withdraw the Plan prior to the confirmation date. If the Debtor revokes or withdraws the Plan, or if confirmation of the Plan does not occur, then the Plan shall be deemed null and void in all respects and nothing contained in the Plan shall be deemed to (a) constitute a waiver or release of any claims by or against, or equity interests in, the Debtor or any other person, or (b) prejudice in any manner the rights of the Debtor or any other person in any further proceedings involving the Debtor.

Settlement of Claims. The reorganized Debtor (a) may commence or continue in any appropriate court or tribunal any suit or other proceeding for the enforcement of any claim or cause of action which the Debtor in possession had or had power to assert immediately prior to the confirmation date, and (b) may settle or adjust such claim or cause of action.

Standard for Approval by the Bankruptcy Court. In the event any of the matters described herein are brought for approval before the Bankruptcy Court, then any such approval shall mean the entry of an order by the Bankruptcy Court approving the matter using the standards for approval of similar matters by a Chapter 11 Debtor in possession.

Further Assurances. The Debtor or the reorganized Debtor (as the case may be) agrees and is authorized to execute and deliver any and all papers, documents, contracts, agreements, and instruments that may be necessary to carry out and implement the terms and conditions of the Plan.

Headings. The headings and table of contents used in the Plan are for convenience and reference only and shall not constitute a part of the Plan for any other purpose or in any manner affect the construction of the provisions of the Plan.

Notices. All notices, requests, or other documents in connection with or required to be served by the Plan shall be in writing and shall be sent by first class United States mail, postage prepaid, or by overnight delivery by a recognized courier service, to:

If to the Debtor or the Reorganized Debtor:

EAST 30A RESTAURANT ASSOCIATES, INC.
10343 East Emerald Coast Pkwy
Rosemary Beach, FL 32461

with a mandatory copy to:
Maples Law Firm, PC
Attn: Stuart M. Maples
200 Clinton Avenue W., Ste. 1000
Huntsville, AL 35801

Contemporaneous Service. Copies of all notices under the Plan to any party shall be given to the Debtor and the reorganized Debtor and its counsel, contemporaneously with the giving of notice to such party.

Changes of Address. Any entity may change the person or address to whom or to which notices are to be given hereunder by filing a written instrument to that effect with the Bankruptcy Court and serving same on the parties set forth above.

Governing Law. Except to the extent that federal law (including the Bankruptcy Code or the Bankruptcy Rules) is applicable, or to the extent that the Plan or the provision of any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan provides otherwise, the rights and obligations arising under the Plan shall be governed by, construed, and enforced in accordance with the laws of the State of Florida, without giving effect to the principles of conflicts of law thereof.

Limitation of Allowance. No attorneys' fees, punitive damages, penalties, special damages, lost profits, treble damages, exemplary damages, or interest shall be paid with respect to any claim or equity interest except as specified herein or as allowed by a Final Order of the Bankruptcy Court.

Estimated Claims. To the extent any Claim is estimated for any purpose other than for voting, then in no event shall such Claim be allowed in an amount greater than the estimated amount.

Consent to Jurisdiction. Upon any default under the Plan, the Debtor and the reorganized Debtor consent to the jurisdiction of the Bankruptcy Court, or any successor thereto, and agree that it shall be the preferred forum for all proceedings relating to any such default. By accepting any distribution or payment under or in connection with the Plan, by filing any Proof of Claim, by filing any cure claim, by voting on the Plan, or by entering an appearance in the reorganization case, all creditors and other parties in interest, including foreign creditors and foreign parties in interest, have consented, and shall be deemed to have expressly consented, to the jurisdiction of the Bankruptcy Court for all purposes with respect to any and all matters relating to, arising under or in connection with the Plan or the reorganization case, including the matters and purposes set forth in this Plan. The Bankruptcy Court shall maintain jurisdiction to the fullest extent allowed under applicable law over all matters set forth in this Plan.

Setoffs. Subject to the limitations provided in Section 553 of the Bankruptcy Code, the Debtor may, but shall not be required to, set off against any claim and the payments or other distributions to be made pursuant to the Plan in respect of such claim, claims of any nature whatsoever the Debtor may have against the holder of such claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtor of any such claim that the Debtor may have against such holder.

Successors and Assigns. The rights, benefits, duties, and obligations of any person named or referred to in the Plan shall be binding upon and shall inure to the benefit of any heir, executor, administrator, successor, or assign of such person.

No Post-petition Interest. Except as expressly stated in the Plan or otherwise allowed by a Final Order of the Bankruptcy Court, no holder of an Allowed Claim shall be entitled to the accrual of post-petition interest or the payment of post-petition interest, penalties, or late charges on account of such claim for any purpose.

Modification of Payment Terms. The reorganized Debtor reserves the right to modify the treatment of any Allowed Claim, as provided in Section 1123(a)(4) of the Bankruptcy Code, at any time after the Effective Date, upon the consent of the holder of such Allowed Claim.

Entire Agreement. The Plan and Plan documents set forth the entire agreement and undertakings relating to the subject matter thereof and supersede all prior discussions and documents. No person shall be bound by any terms,

conditions, definitions, warranties, understandings, or representations with respect to the subject matter hereof, other than as expressly provided for herein or as may hereafter be agreed to by the parties in writing.

Severability of Plan Provisions. If, prior to confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Debtor, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration, or interpretation. The confirmation order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

Confirmation Order and Plan Control. To the extent the confirmation order or the Plan is inconsistent with the Disclosure Statement or any agreement entered into between the Debtor and any third party, unless otherwise expressly provided in the Plan, the Plan controls the Disclosure Statement and any such agreements, and the confirmation order (any and other orders of the Court) shall be construed together and consistent with the terms of the Plan.

Computation of Time. In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

XIV. RECOMMENDATION AND CONCLUSION

For all of the reasons set forth in this Disclosure Statement, the Debtor believes that the confirmation and consummation of the Plan is preferable to all other alternatives. The Debtor urges all holders of claims to vote to accept the Plan.

EAST 30A RESTAURANT ASSOCIATES, LLC

By: Jeffrey Blatt
Its: Managing Member
/s/ Jeffrey Blatt

-and-

/s/ Stuart M. Maples

Stuart M. Maples

MAPLES LAW FIRM, PC
200 Clinton Ave. W, Suite 1000
Huntsville, Alabama 35801
(256) 489-9779 - Telephone
(256) 489-9720 – Facsimile
smaples@mapleslawfirm.com
Attorney for the Debtor

CERTIFICATE OF SERVICE

I do hereby certify that on October 19, 2017, a copy of the foregoing document was served on the following by Electronic Case Filing a copy of the same.

Jason H. Egan on behalf of
U.S. Trustee United States Trustee
jason.h.egan@usdoj.gov

United States Trustee
USTPRegion21.TL.ECF@usdoj.gov
Northern District of Florida
21 East Garden Street, Suite 400
Pensacola, Florida 32501
Counsel for the United States

All parties requesting notice

/s/ Stuart M. Maples
STUART M. MAPLES

INDEX OF EXHIBITS

EXHIBIT A – Chapter 11 Plan

EXHIBIT B – Form Ballot

EXHIBIT C – Liquidation Analysis

EXHIBIT D – Projections of Cash Flow and Earnings for Post Confirmation
Period