

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION**
www.flsb.uscourts.gov

In re:

QUICK CHANGE ARTIST, LLC.
EIN #65-1136745

Debtor. _____/

Case No. 15-25377-PGH
Chapter 11
(Small Business)

**THE SECOND AMENDED DISCLOSURE STATEMENT OF
QUICK CHANGE ARTIST, LLC.
DATED DECEMBER 9, 2016**

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I. INTRODUCTION

This is the second amended disclosure statement (the “Disclosure Statement”) in the Chapter 11 case of QUICK CHANGE ARTIST, LLC. (the “Debtor”). This Disclosure Statement contains information about the Debtor and describes the Debtor’s Second Amended Plan of Reorganization (the “Plan”) filed by the Debtor on December 9, 2016. A full copy of the Plan was filed with this Court (ECF#243) concurrently with this Disclosure Statement and is referenced as Exhibit A.

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 Proponents believe 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 Hearing

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. *Time and Place of the Hearing to Finally Approve This Disclosure Statement and Confirm the Plan*

The hearing at which the Court will determine whether to finally approve this Disclosure Statement and confirm the Plan will take place on _____, 2016 at _____ a.m., in Courtroom A, 1515 Flagler Drive, 8th Floor, West Palm Beach, FL 33401.

2. *Deadline For Voting to Accept or Reject the Plan*

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and mail the ballot to the Clerk of Bankruptcy Court, 1515 North Flagler Drive, Room 801, West Palm Beach, FL 33401. The Debtor's belief is that only the Class I Claim Holder is entitled to vote, as no other class will receive a distribution and thus all other classes are presumed to vote to reject the Plan. See Section IV.A. below for a discussion of voting eligibility requirements.

Your ballot must be received by _____ 2016 or it will not be counted.

3. *Deadline For Objecting to the Adequacy of Disclosure and Confirmation of the Plan*

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon Frank, White-Boyd, P.A., 2925 PGA Blvd., Suite 204, Palm Beach Gardens, FL 33410 by _____ 2016.

4. *Identity of Person to Contact for More Information*

If you want additional information about the Plan, you should contact Malinda L. Hayes, Esq., Markarian Frank & Hayes, P.A., 2925 PGA Blvd., Suite 204, Palm Beach Gardens, FL 33410.

5. *Consent Forms*

If you are a Holder of an Administrative Claim or a Priority Wage Claim, you will receive a consent form with this package as the plan seeks consent to make a reduced payment on the claim. See section III(B)(3) below for more information.

C. Disclaimer

The Court has conditionally approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. The Court's approval of this Disclosure Statement is subject to final approval. Objections to the adequacy of this Disclosure Statement may be filed until _____.

II. BACKGROUND

A. Description and History of the Debtor

The Debtor Quick Change Artist, LLC, is a Florida based corporation that assembles and distributes interchangeable shoes that was established on 9/12/2001. The sole member and manager is Dominique McClain Barteet, RPh., a registered pharmacist and inventor of the interchangeable shoe. Ms. Barteet personally owns most of the patents for the interchangeable shoe, which she developed; some of the patents are owned by Chance McClain. None of the patents are owned by the Debtor. The Debtor uses the patents pursuant to informal, verbal agreements with Ms. Barteet and Mr. McClain. The Debtor does not pay a fee for the use of the patents.

The Debtor's business began with Ms. Barteet experimenting with shoe designs in the back of an unrelated business that she owns and operates called Drugstoreandmore, Inc. Although the company was incorporated in 2001, it remained purely a hobby of Ms. Barteet's until 2005, when Ms. Barteet started taking the product to trade shows and festivals to increase exposure to the product she had branded as Onesole. Onesole was trademarked, along with the trademarks "the original interchangeable shoe" and "Onesole Many Mates." The trademarks are owned by the Debtor. As the company started to take off in 2005, the Debtor moved into its own space and rented three smaller units next to the pharmacy from 2005 to 2006.

In 2007, the Debtor rented a larger warehouse to keep up with increasing sales, which peaked in 2008 and 2009. While the Debtor's market expanded as visibility increased – it began selling internationally and on home shopping networks such as QVC, as well as acquiring larger accounts including JCPenny and AAFES – the profit margins were reduced as the larger vendors demanded lower pricing and faster turnaround times for product.

In an effort to reduce overhead and increase profit margins, the Debtor moved its operations to a less expensive warehouse in May of 2010. The producers of the Shark Tank reality show approached the Debtor in October 2010 and asked Ms. Barteet to market the product on their television show. The episode aired on May 2011 with tremendous exposure and increased orders. While orders at that time total approximately \$500,000, the Debtor did not have the staff or inventory to fill all of the orders, and only earned about \$50,000 from sales in the months following the airing of the shark tank episode. Additionally, the show did not result in any actual outside investors contributing capital to the company. The Debtor borrowed funds Sondra Yee to purchase inventory to fill these orders. Between 2011 and 2015, the Debtor borrowed additional funds from Ms. Yee. The remaining balance owed to Ms. Yee is \$195,000.

B. Events Leading to Chapter 11 Filing

In the wake of the Shark Tank airing, the Debtor's orders and visibility were high. The Debtor entered into a contract with Costco to market promotional "road show" events in March 2012, which required high volumes of inventory. Road shows are temporary displays set up at various locations across the country, which are staffed by the vendor, and for which ample inventory must be shipped to the site, and then removed after the show. The Debtor borrowed money to fulfill the inventory requirements for the events, which ended up being very costly to execute due to the expenses associated with staffing and trucking the inventory and displays across the country, but the sales volume was high and the Debtor was able to make a profit from most of the Costco shows. Some shows, like the shows set up for the Hawaii Costco, were not profitable and resulted in a net loss for the Debtor as a result of the high cost of shipping the product and returning the unpurchased inventory.

The Debtor was approached by Sam's Clubs to do road shows in Sam's locations, which commenced in November 2013. A robbery occurred in December of 2013 of \$400k in stock that was ready to ship to the road shows. The Debtor's insurance company paid only \$75,000 of the claim, causing more financial loss and lack of needed inventory at a crucial time. The Debtor had to cancel half of the events planned for Black Friday through December, which is the biggest revenue period for the Debtor in the fall and winter months.

Financial problems mounted for the Debtor in 2013 when the Debtor was audited by the IRS and required to pay \$150,000 in back taxes. The Debtor took out a loan from Bank of America to pay the IRS. The loan was called by the bank the following year, in 2014. Also in 2014, the Debtor was sued in Texas by a sales representative, Iris T Accessories, who had stopped carrying the product in its stores in 2010. Iris T demanded \$500,000 in commission for shoes that were never marketed in her stores. This was followed in rapid succession by a lawsuit filed in Utah by a staffing company, Cora USA, for sums that the Debtor believes were not owed to the company. Judgements were ultimately entered in favor of both Iris T and Cora, and they are both under appeal. The two lawsuits led the Debtor into deep financial distress, due to the financial and mental resources required to defend the suits.

As a result of the financial strain created in 2013 and 2014, the Debtor downsized from the large warehouse when its lease ended and moved into 2 smaller rental units and some storage units in November 2014. At that time, Ms. Barteet's other corporation Drugstoreandmore started to carry some of the costs for the Debtor to stay in business. Ms. Barteet also devoted other personal financial assets to the Debtor in 2014 and 2015 to defend the lawsuits and cover overhead, including the high expense of shipping product around the country and moving it from show to show.

Coming out of 2014, the Debtor started concentrating its efforts on Sam's Clubs, as the Sam's shows were less expensive to execute than Costco. It was up to twenty shows per week across the country, which increased cash flow and exposure. As a result of its efforts, the Debtor was starting to improve financially from the decreased costs in overhead and labor and concentrating on sales and website orders again.

Then in June 2015, writs of garnishment were executed by Cora USA, and served upon Costco and Sam's Club. The financial loss suffered by the Debtor was greater than the \$51,000 that was garnished, as losses increased dramatically due to lost revenue after Sam's Club cancelled all upcoming shows, and increased expenses after the Debtor was required to either abandon inventory or pay to have it shipped back to Florida. (All of the inventory was eventually recovered, except for product in Hawaii, which was not cost effective to recover.) Most of this trucking was paid for by Drugstoreandmore or Ms. Barteet personally. This caused the Debtor's event operations to grind to a halt, and depleted the Debtor's main cash flow for several months during the busy summer season.

The culmination of these events led to the Debtor's inability to pay its debts, including paying staff for completed shows, as well as operating expenses and debt service. The Debtor was forced to lay off the majority of its employees, and would have ceased operations entirely but for the filing of the bankruptcy case.

The Debtor filed for Chapter 11 protection on August 26, 2015 (the "petition date").

C. Significant Events During the Bankruptcy Case

The Debtor's voluntary petition was filed by Attorney Chance McClain and subsequently dismissed on September 15, 2015 for failure to timely file schedules. The case was reinstated on October 13, 2015.

The Debtor has been operating pursuant to §§1107(a) and 1108 of the Bankruptcy Code. It sought and obtained approval to substitute Attorney Chance McClain with Attorney Julianne R. Frank at the law firm of Markarian Frank & Hayes, its current attorneys, by this Court's order dated September 25, 2015 (ECF#14). One interim fee application was approved for Debtor's counsel, on May 13, 2016, authorizing payment of \$30,315.05, with a 20% holdback for the attorney fee component. This was paid via application of funds from the initial retainer deposit of \$25,000, plus \$5,315.05 from funds recovered from a preference action, which were not subject to cash collateral restrictions.

The Debtor sought and obtained approval to retain its accountant (ECF#63). The accountant performed an extensive analysis of the Debtor's finances from January 1, 2014 through the petition date. The accountant also analyzed all transfers to or for the benefit of the Debtor made by the Debtor's principal Dominique Barteet and also Ms. Barteet's company Drugstoreandmore, Inc. ("DSM"), as well as transfers made by the Debtor to or for the benefit of DSM and Ms. Barteet. This analysis was instrumental in unraveling the Debtor's finances and the Debtor's financial relationship with its principal and her unrelated entity DSM. It provided further assistance in the context of the preference action brought against Creditor Cora USA, as the accountant's analysis of the transfers will be a key component of evidence should the case proceed to trial. See Section D. below for more details about the potential recovery of avoidable transfers. Pursuant to an order authorizing payment on an interim fee application (#146), the accountant was

paid \$15,463 from funds recovered from a preference action, which were not subject to cash collateral restrictions.

The Debtor also sought and obtained approval to retain Mr. McClain (ECF#96), Attorney Jay Downs (ECF#110) and Attorney Rodger Burge (ECF#111) as Special Counsel to litigate appeals in State Court matters in Texas and Utah. Stay relief was obtained to allow the Debtor to proceed with appeals against creditors Cora USA and Iris T Accessories. Attorney McClain has agreed to prosecute the appeals pro bono. Attorney Downs and Burge are acting as local counsel, and have agreed to seek only reimbursement of costs with regard to the appeals. At this time, the Debtor is unaware of any administrative claims incurred by any of the attorneys approved as Special Counsel. The Iris T Accessories appeal was fully briefed on April 25, 2016 and the parties await the ruling from the appellate court. The Cora appeal has not yet been briefed. Transcripts were ordered, and the Debtor anticipated briefing to be complete in November 2016. Thus far, no ruling has been entered on either appeal. In the event either appeal is granted, the Debtor's liability would be relinquished, but it would not result in financial gain to the Debtor.

Due to the existence of a perfected security interest in the Debtor's cash and accounts receivable, the Debtor filed an Emergency Motion to Approve Use of Cash Collateral on November 2, 2015 (ECF# 31) and obtained three interim orders approving cash collateral. *See* ECF# 43, ECF# 60, and ECF# 114. Beginning November 15, 2015, the Debtor commenced monthly adequate protection payments to Gulf Coast Bank in the amount of \$1,145.00. Debtor shall continue to pay adequate protection to Gulf Coast through confirmation of the Plan, and must make all payments in full as a condition to Gulf Coast's support of the Plan.

Debtor also sought and obtained approval to obtain non-interest bearing, post-petition financing of up to \$30,000 from DSM to facilitate with the reorganization attempt, *nunc pro tunc* to November 5, 2015 (ECF#42). Per the terms of the order, DSM must submit an application for administrative expense claim in order to be re-paid upon confirmation of the Debtor's plan. The total funds advanced by DSM, from November 5, 2015 through May 31, 2016 were \$27,684.59. DSM will be served with notice of the deadline to file administrative claims, however, the Debtor does not anticipate that an administrative claim will be filed as there are insufficient funds to pay all administrative claims in full.

The Debtor filed a Motion to Value and Determine the Secured Status of Lien on Personal Property and Modify the Rights of American Express, Gulf Coast Bank & Trust Company and Corporation Service Company (ECF#137). A hearing was held on July 12, 2016, where the Court found that the value of Gulf Coast's secured lien interest was \$190,000 on the petition date, with the remainder of the claim to be treated as an unsecured claim, and all other lien interests attached to the Debtor's personal property were stripped. Bank of America (Gulf Coast's predecessor in interest), American Express and Corporation Service Company were found not to have any lien interest in the Debtor's assets. They were also found not to have claims against the Debtor, and accordingly, will not receive treatment under the Debtor's Plan. The agreed value was determined by agreement of the parties and included a substantial value for intangible assets of the Debtor, including Trademarks that expired and were not renewed during the bankruptcy case. That figure

was also based on the value provided for the Debtor's personal property listed in schedule B, which was based on replacement value of the inventory. In light of the proposed liquidation, it is believed that the liquidation value of the remaining inventory is substantially reduced, perhaps as low as \$20,000.

The Debtor filed the initial Plan and Disclosure Statement on July 21, 2016. Around the same time, the Debtor objected to several claims, including the claims of Jan-Art Development LLC, George Janssen and Iris T Accessories. (Multiple other claim objections were filed as well, the majority of which were resolved amicably or which garnered no response from the creditors. These objections are addressed in Section E below.) Iris T, Jansen and Jan Art Development all filed responses to the claim objections and sought to have their claims estimated for voting purposes. The Court heard the motions to estimate the claims at the confirmation hearing, and allowed all three claims as scheduled for voting purposes. All three claimants had cast rejecting ballots. As a result, when all votes were tallied, the unsecured class did not vote in favor of the Debtor's Plan. The three claimants further argued that the Debtor's attempt to propose an auction which allowed an insider lender (Drugstoreandmore, Inc.) to bid on the equity interest in an amount equal to the funds advanced during the chapter 11 case violated the absolute priority rule. Two of the three creditors are controlled by George Janssen, who has indicated that no plan treatment would be acceptable to him, due to a personal dispute with the Debtor's principal. Due to the volatile relationship with the objecting creditors and the Debtor's concern that it cannot afford a protracted legal battle to confirm the Plan, which would place an insurmountable burden on the Debtor's already strained finances, the Debtor decided that liquidation was the only option for an orderly conclusion of the chapter 11 case. The alternative to which would be dismissal of the case, which would leave only loose ends and further drag out litigation against the Debtor, or conversion to chapter 7, which would be a further burden on the administratively insolvent estate. Accordingly, the Debtor prepared and will file this amended plan proposing to liquidate the chapter 11 estate.

D. Projected Recovery of Avoidable Transfers

The Debtor commenced an adversary proceeding (Adv. Pro. No. 15-01756-PGH) on December 23, 2015 to avoid a preferential lien and for turnover of property of the estate against Cora USA, LLC. The Debtor is seeking the return of funds which were subject to two garnishment orders, \$43,700 and \$7,502. All funds have been released to the Debtor's counsel's trust account. The parties negotiated a settlement that resulted in Cora retaining \$2,000 of the garnished funds and releasing the remainder to the Debtor. The settlement was approved by the bankruptcy court. All recovered funds will be used to fund the Debtor's Plan of Reorganization. Thus far, funds have been used to pay the aforementioned interim fee applications, with \$28,253.98 remaining in Debtor's counsel's trust account.

The Debtor's accountant extensively analyzed all transfers made by the Debtor to or for the benefit of Ms. Bartteet and her former company DrugstoreandMore ("DSM"), from January 1, 2014 through the petition date, as well as all transfers made to or for the benefit of the Debtor by

Ms. Barteet, and by DSM to or for the benefit of the Debtor. The results of this analysis showed that the Debtor ultimately received a net benefit from DSM in the amount of \$54,845.91, and a net benefit from Ms. Barteet in the amount of \$22,508.19. Accordingly, the analysis performed by the Debtor's accountant shows that no preference or fraudulent transfer action exists against Ms. Barteet or DSM.

E. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

The Debtor filed numerous objections to general unsecured claims which will be withdrawn as moot, due the fact that no distribution is being offered to general unsecured creditors in this case.

The following claim objections will not be withdrawn, and will be set for hearing:

Claim #7 of Marilyn Watson for \$220 – recommending that the wage claim be reduced to \$120 to reflect the balance owed.

Claim #20 of Tina Willoughby for \$5,693.87 – recommending that the claim be reduced to \$3,800 to reflect wages owed.

Claim #21 of Jeffrey Willoughby for \$3,537 – recommending that the claim be stricken and disagreeing that any wages are owed.

Claim #22 of Ashlyn Willoughby for \$240 – recommending that the claim be stricken and disagreeing that any wages are owed.

Additional objections to wage claims will be filed for the following employees who were listed on the petition date as being owed vacation pay not yet fully vested, who voluntarily terminated their employment with the Debtor shortly after the bankruptcy filing. These employees are Beatriz Vergara and Cecilia Peralta. Mary Collen received payment for post-petition services that were not rendered due to the trade show being cancelled, and the Debtor will seek to offset that post-petition payment against the pre-petition wage claim.

See **Exhibit C** for additional details about wage claims and objection amounts.

G. Administrative Claims

The Debtor will file a motion asking the court to establish a deadline for the filing of administrative claims against the Debtor. The Debtor is current on all post-petition obligations and has no known accounts payable at this time, other than the administrative claims of Drugstoreandmore, the Debtor's counsel, and the Debtor's forensic accountant. However, the motion to establish claims deadline and the order establishing such deadline will be served on all existing post-petition vendors such that administrative claims can be properly established. It is anticipated that administrative claims will be paid at approximately 65%, and consent will be sought from all administrative claimants for a less than complete distribution.

H. Current and Historical Financial Conditions

A summary of the most recent post-petition operating report filed in the Debtor's bankruptcy case is attached as Exhibit B. Copies of the Debtor's monthly operating reports are available upon written request to Markarian Frank & Hayes. The Debtor's finances have deteriorated throughout the case, requiring substantial cash investments from the Drugstoreandmore, and showing losses in the months leading up to proposal of this plan.

I. Insiders of the Debtor

As defined by §101(31) of the United States Bankruptcy Code (the "Code"), the Insider of the Debtor are Dominique Barteet. Ms. Barteet holds a 100% interest in the Debtor.

From January 1, 2014 through the petition date the total salary, benefits and other payments made by the Debtor to or for the benefit of Ms. Barteet totaled \$197,741.92. However, in the same period, Ms. Barteet made payments to or for the benefit of the Debtor in the amount of \$220,250.11 such that Ms. Barteet received no net benefit for her employment by the Debtor within the 21 months prior to the bankruptcy filing. In 2013 Ms. Barteet received \$67,772 in taxable income from the Debtor.

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

During the two years prior to the date on which the bankruptcy petition was filed, the officer, director, manager or other person in control of the Debtor (collectively the "Manager") was Dominique Barteet. Ms. Barteet is solely responsible for major decision making and for the day to day management of the Debtor.

Within 60 days of the effective date, the company will be dissolved and Ms. Barteet will have no formal position, salary or benefits. She will have corporate authority only to the extent necessary to implement the terms of the plan.

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. As such, the Plan Proponent has not placed the following claims in any class:

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’ estimated administrative expenses and their proposed treatment under the Plan:

<u>Type</u>	<u>Estimated Amount Owed</u>	<u>Proposed Treatment</u>
-------------	------------------------------	---------------------------

Professional Fees, as approved by the Court.		
Debtor's counsel	\$83,000.00	Debtor's counsel agrees to final fee payment of \$28,253.98, representing the full balance of unencumbered funds held in trust, in full satisfaction of its allowed administrative claim for attorney's fees. After application of \$30,315.05 pursuant to an interim fee application, for a total fee payment of \$53,879. This represents approximately 65% of the total fee earned. Additionally, Counsel shall be entitled to recoup 100% of the cost component of the administrative claim approved by the Court, if such funds are available after payment in full of priority wage claims.
Glass Ratner (accounting)	\$50,997.46	Glass Ratner was paid \$17,500 from the advance fee retainer, plus an additional \$15,463 from unencumbered funds per court approval of an interim fee application, for a total of \$32,963.04. This represents approximately 65% of the total fee earned based on the final fee application.
Special Counsel	\$0 estimated	
Drugstoreandmore, Inc.	\$0 estimated	Insider DIP financing; no claim expected to be filed.
Other administrative fees	\$0 estimated	*All administrative claim holders will receive a consent form seeking authority to pay a 65% distribution of the claim. If consent is not authorized, the Plan will not be confirmable.

Office of the U.S. Trustee Fees	\$1,950 (projected quarterly fees for quarters ending December 2016 and through post-confirmation period)	Paid in full on the effective date of the Plan. All fees due under 1129(a)(12) shall be paid as required by 28 U.S.C. §1930. The Debtor shall pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C. Section 1930(a)(6), on the effective date of the Plan. The Debtor, as reorganized Debtor, shall further pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C. §1930(A)(6) for post-confirmation periods within the time period set forth in 28 U.S.C. §1930(a)(6), based upon all post-confirmation disbursements made by the reorganized Debtor, until the earlier of the closing of this case by the issuance of an Order administratively closing the case, or upon the entry of an Order by the Bankruptcy Court dismissing this case or converting this case.
NET TOTAL (after application of advance fee deposits)	\$163,631.59	

2. *Priority Tax Claims*

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

The Debtor is obligated to pay priority, secured tax claim to Palm Beach County Tax Collector for 2015 Tangible Property Tax in the amount of \$131.95 + 18% Statutory interest (Claim #13). Creditor shall retain its lien until the claim is paid in full. This claim will be paid in full within 30 days of entry of the order confirming the Debtor's Plan.

The Debtor has no other Priority tax claims.

3. *Priority Wage Claims*

Each holder of an Allowed Priority Wage claim under § 507(a)(4) is entitled to receive cash on the effective date equal to the Allowed amount of such Claim, except to the extent that a holder of an Allowed Priority Wage Claim has been paid by the Debtor prior to the Effective Date or agrees to a different treatment.

The Debtor has priority wage claims under §507(a)(4) of the Code.

Dominique Barteet, Howard McClain, and Amanda Wilkinson have consented to waive their priority wage claims if necessary to confirm the Plan.

The Debtor will pay at least 65% of all other allowed priority wage claims by the effective date, subject to consent of the priority wage claimants. Priority wage claims may receive a higher distribution, up to 100% of the allowed claim, if funds are available.

The distribution to priority wage claimants shall be paid from income generated by the Debtor through confirmation of this case. In the event that there are sufficient funds to pay the priority wage claimants more than a 65% distribution, Howard McClain and Amanda Wilkinson will also receive a distribution on their priority wage claims, which may be less than or equal to the pro rata distribution made to other priority wage claimants, to the extent that funds are available to pay the claims.

Claimholders in this class are impaired. A consent form will be provided to each claimant with an allowed priority claim. Any claimant who does not file a consent form will be deemed to accept the reduced distribution.

Attached hereto as **Exhibit C** is a description of all Priority Wage Claims filed against the Debtor.

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:

1. Classes of Secured Claims

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate or that are subject to setoff to the extent allowed as secured claims under §506 of the Code. The Plan provides for one class of Allowed Secured Claims.

<u>Class #</u>	<u>Description</u>	<u>Treatment</u>

I.	<p>Allowed Secured claim of Gulf Coast Bank & Trust Company assignee of Bank of America, N.A.</p> <p><i>Collateral:</i> All tangible and intangible personal property</p> <p><i>Priority of lien:</i> first</p> <p><i>Total allowed secured claim:</i> \$190,000.00</p> <p><i>Claim #16</i></p>	<p><i>Impairment:</i> Impaired</p> <p><i>Insider:</i> No</p> <p><i>Treatment:</i> Claim shall be treated as partially secured.</p> <p>Gulf Coast’s Allowed Secured Claim is \$190,000.00. Any stripped portion of the claim shall be treated as an Allowed General Unsecured claim under Class III of the Plan.</p> <p>The Debtor has been making monthly adequate protection payments of \$1145 since November 15, 2015, and shall continue to pay adequate protection to Gulf Coast through confirmation of the Plan. All adequate protection payments shall be applied per the loan documents, at the creditor’s discretion.</p> <p>Confirmation of the Debtor’s plan shall immediately entitle Gulf Coast to turn-over of Gulf Coast’s collateral, and the proceeds of the sale of the collateral except as otherwise provided in this Plan, without need for further order from any Court. The Debtor agrees to cooperate with Gulf Coast in disposing of the collateral.</p> <p>The creditor is not entitled to post-petition attorney’s fees or interest.</p> <p>The Class I claimholder is entitled to vote on the Plan.</p>
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2. Classes of General Unsecured Claims

General unsecured claims are not secured by property of the estate and are not entitled to priority under §507(a) of the Code. The Plan provides for one class of General Unsecured Claims.

<u>Class #</u>	<u>Description</u>	<u>Treatment</u>

II	Allowed General Unsecured Claims	<p><i>Impairment:</i> Impaired</p> <p><i>Insider:</i> No</p> <p><i>Treatment:</i> This class consists of all Allowed General Unsecured Claims, totaling approximately \$1,815,297. Claimholders with Allowed General Unsecured Claims will receive no distribution under the Debtor's Plan.</p> <p>Class III claimholders are deemed to have rejected the Plan and therefore are not entitled to vote.</p>
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3. *Classes of Equity Interest Holders*

Equity interest holders are parties who hold an ownership interest (*i.e.*, equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company (LLC), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

The Plan provides for one class of equity holders.

Class #	Description	Treatment
III	Equity Interest Holders	<p><i>Impairment:</i> Unimpaired</p> <p><i>Insider:</i> Yes</p> <p><i>Treatment:</i> Equity interest in the Debtor shall terminate 60 days after the effective date of the Plan. Equity holders shall not retain or receive any property under the Plan.</p> <p>Class III claimholders are deemed to have rejected the Plan and therefore are not entitled to vote.</p>

4. *Scheduled Unsecured Claims Not Receiving Treatment Under the Plan*

Several claims were listed on the Debtor's Schedule F as disputed, for which no claim was scheduled. No unsecured claims will receive treatment under the Debtor's Plan. ***Entry of an order confirming the Debtor's Plan of Reorganization shall act as a permanent injunction forever***

barring any and all enforcement or collection efforts against the Debtor arising from these disputed pre-petition debts.

D. Means of Implementing the Plan

Payments and distributions under the Plan will be funded by revenues generated from the Debtor's liquidation of inventory, that will occur throughout the confirmation process, and from funds held in counsel's trust account in the amount of \$28,253.98 recovered from a preference action.

E. Feasibility Risk Factors

The proposed Plan has the following feasibility risks:

The Debtor must generate at least \$8,713.90 in revenue to pay 65% of priority wage claims if all claim objections are granted. There is a risk that these funds will not be available. The Debtor has a substantial international order that is expected to generate revenue sufficient to pay these claims and the priority tax claim, but there is a risk that the order will be cancelled and that the remaining inventory may not be sold in time to fund the Plan, which would require the continuance of confirmation until the sales could be achieved. The Debtor is currently taking steps to reduce every expense such that these funds are preserved for the benefit of creditors.

F. Executory Contracts and Unexpired Leases

The Plan, in Article 6.01, and as indicated below, 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. Article 6.01 also lists how the Debtor will cure and compensate the other party to such contract or lease for any such defaults.

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.

All executory contracts and unexpired leases will be rejected under the Plan.

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 court shall direct as to a Deadline for Filing a Proof of Claim Based on a Claim Arising from the Rejection of a Lease or Contract pursuant to Fed. R. Bankr. P. 3003(c)(3) and 3002(c)(4). 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.

G. Tax Consequences of 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.

There are no known tax consequences to the Creditors of this Plan. The Debtor renders no opinion as to its effect on any creditor.

H. Distributions Under the Plan

Subject to Rule 9010, and except as otherwise provided in Section 5.03 of the Plan, all distributions under the Plan shall be made by the Debtor to the holder of each Allowed Claim or Allowed Equity Interest at the address of such holder as listed on the Schedules and/or proof of claim as of the Effective Date, unless the Debtor has been notified in writing of a change of address, including by the filing of a proof of Claim by such holder that provides an address different from the address reflected on the Schedules.

Any payment of Cash made by the Debtor pursuant to the Plan shall be made by check drawn on a domestic bank or by wire transfer.

Any payment or distribution required to be made under the Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

Any distributions of Cash or other property under the Plan that is unclaimed for a period of six (6) months after the Distribution Date shall constitute Unclaimed Funds and any entitlement of any holder of any Claim to such distributions shall be extinguished and forever barred.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in §1129, and they are not the only requirements for confirmation.

The Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation are that the Plan (i) is accepted by all impaired classes of Claims entitled to vote or, if

rejected by an impaired Class, that the Plan "does not discriminate unfairly" and is "fair and equitable" as to such Class.

A. Acceptance of the Plan

The Bankruptcy Code defines acceptance of a plan of reorganization by a class of creditors as acceptance by creditors holding two-thirds (2/3) in dollar amount and a majority in number of the claims in such class (other than any such creditor designated under § 1126(e) of the Bankruptcy Code), but for that purpose counts only those creditors that actually cast ballots. Holders of claims that fail to vote are not counted as either accepting or rejecting a plan.

B. No Unfair Discrimination/Fair and Equitable Test

In the event that any impaired Class of Claims does not accept the Plan, the Bankruptcy Court may still confirm the Plan at the request of the Debtor if, as to each impaired Class of Claims which has not accepted the Plan, the Plan "does not discriminate unfairly" and is "fair and equitable." Because the holders of General Unsecured Claims in Class II are deemed to have rejected the Plan, the Bankruptcy Court may only confirm the Plan if the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to Class II.

A chapter 11 plan does not discriminate unfairly, within the meaning of the Bankruptcy Code, if the legal rights of a dissenting class are treated in a manner consistent with the treatment of other classes whose legal rights are substantially similar to those of the dissenting class and if no class of claims or equity interests receives more than it legally is entitled to receive for its claims or equity interests.

Under the Bankruptcy Code, "fair and equitable" has different meanings for secured and unsecured claims. With respect to a secured claim, "fair and equitable" means (i) the impaired secured creditor retains its liens to the extent of its allowed claim and receives deferred cash payments at least equal in value to the allowed amount of its claim with a present value as of the effective date of the plan at least equal in value to such creditor's interest in the Debtor's interest in the property securing its claim, (ii) if property subject to the lien of the impaired secured creditor is sold free and clear of that lien, the lien attaches to the proceeds of the sale, and such lien proceeds are treated in accordance with clause (i) or (iii) of this paragraph, or (iii) the impaired secured creditor realizes the "indubitable equivalent" of its claim under the plan.

With respect to an unsecured claim, "fair and equitable" means either (i) each impaired unsecured creditor receives or retains property of a value, as of the effective date of the plan, equal to the amount of its allowed claim, or (ii) the holders of claims or interests that

are junior to the claims or interests of the dissenting class will not receive or retain any property under the plan.

With respect to equity interests, "fair and equitable" means that each equity interest holder (a) will receive or retain property of a value, as of the effective date of the plan, equal to the greatest of (i) the allowed amount of any fixed liquidation preference to which such holder is entitled, (ii) any fixed redemption price to which such holder is entitled, or (iii) the value of such interest; or (b) the holder of any interest that is junior to the interests of such class will not receive or retain any property under the plan on account of such junior interest.

The Debtor believes that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to Class II because and the Holders of claims and interests that are junior to the Class II Claims (i.e. Class III Holders of Equity Interests) will not receive or retain any property under the Plan.

As to holders of Equity Interests, the Plan provides that Holders shall not retain or receive any property under the Plan. All such Equity Interests will be canceled and extinguished.

As to Holders of Allowed Equity Interests, although such Holders will not receive or retain any property under the Plan, there is no class junior to such Equity Interests which receives or retains any property under the Plan. Accordingly, the Debtor believes that the Plan "does not discriminate unfairly" with respect to Class III and is fair and equitable with respect to such Class.

C. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that classes I is impaired and is therefore entitled to vote to accept or reject the Plan. The Plan Proponents believe that Class II is also impaired, but because no distribution is being made, Class II is deemed to reject the Plan. The Plan Proponents believe that Class III is unimpaired and that equity interest holders therefore, do not have the right to vote to accept or reject the Plan.

1. What Is an Allowed Claim or an Allowed Equity Interest?

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claim in this case was February 16, 2016 for all nongovernmental creditors. The deadline for governmental entities expires February 22, 2016.

The deadline for filing objections to claims is _____.

The deadline for filing administrative expense claims is _____.

2. *What Is an Impaired Claim or Impaired Equity Interest?*

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in §1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

3. *Who is Not Entitled to Vote*

The holders of the following five types of claims and equity interests are *not* entitled to vote:

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not "allowed claims" or "allowed equity interests" (as discussed above), unless they have been "allowed" for voting purposes.
- holders of claims or equity interests in unimpaired classes;
- holders of claims entitled to priority pursuant to §§507(a)(2), (a)(3), and (a)(8) of the Code; and
- holders of claims or equity interests in classes that do not receive or retain any value under the Plan;
- administrative expenses.

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement.

4. Who Can Vote in More Than One Class

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by “cram down” on non-accepting classes, as discussed later in Section B.2.

1. Votes Necessary for a Class to Accept the Plan

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half ($\frac{1}{2}$) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds ($\frac{2}{3}$) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds ($\frac{2}{3}$) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. Treatment of Non-Accepting Classes

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner prescribed by §1129(b) of the Code. A plan that binds non-accepting classes is commonly referred to as a “cram down” plan. The Code allows the Plan to bind non-accepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of §1129(a)(8) of the Code, does not “discriminate unfairly,” and is “fair and equitable” toward each impaired class that has not voted to accept the Plan.

You should consult your own attorney if a “cramdown” confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

D. Liquidation Analysis

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’s assets by a duly appointed or elected trustee.

In the event of a Chapter 7 liquidation, an additional tier of administrative expenses entitled

to priority over general unsecured claims under § 507(a)(1) of the Bankruptcy Code would be incurred. Such administrative expenses would include Trustee's commissions and fees to the Trustee's accountants, attorneys and other professionals likely to be retained by the Trustee for the purposes of liquidating the Debtor's assets.

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.

Estimated value of assets: \$180,452.81

Real Property - \$0.00 (no real property)

Personal Property - \$20,000 (source – estimated liquidation value of inventory, remaining raw materials, displays, website and a truck with a blown engine that may have scrap value; trademarks owned by the Debtor expired during the case and no longer exist)

Cash - \$3,000 (source – DIP account balance as of 9/9/16)

Preference avoidance recovery - \$28,253.98

Accounts Receivable - \$0 (source – Debtor's Amended Schedule B includes A/R due from Kingsley Industries in the amount of \$4,000 – Debtor believes this receivable to be uncollectible)

Less liens on property: \$190,000

Administrative Claims (Ch 11) \$75,000

Administrative Claims (Ch 7) \$10,000

Priority Wage Claims \$40,157

Secured and Priority Tax Claims \$200

Amount available for general unsecured creditors: \$0.00

Amount available for equity interest holders: \$0.00

The Plan proposes to pay no dividend to general unsecured creditors, but at least a 65% return to priority wage claimants (up to 100%) and a 65% return to chapter 11 administrative expenses. In a chapter 7 liquidation, there would be no funds available for general unsecured creditors, and the chapter 7 and chapter 11 administrative expenses would be paid before priority wage claims. It is believed that no funds would be available for payment of any claims other than chapter 7 and chapter 11 administrative expenses in a chapter 7 case. Priority wage claimants would receive a higher under the Plan, and therefore the Plan meets the test required by 11 U.S.C. § 1129(a)(7).

E. The Best Interests Test

The Bankruptcy Code provides that the Plan will not be confirmed, regardless of whether or not anyone objects to Confirmation, unless the Bankruptcy Court finds that the Plan is in the "best interests" of all Classes of Claims and Equity Interests which are impaired. The "best interests" test will be satisfied by a finding of the Bankruptcy Court that either (i) all holders of impaired Claims or Equity Interests have accepted the Plan, or (ii) the Plan will provide such a holder that has not accepted the Plan with a recovery at least equal in value to the recovery such holder would receive if the Debtor were liquidated under chapter 7 of the Bankruptcy Code.

The starting point in determining whether the Plan meets the "best interests" test is a determination of the amount of proceeds that would be generated from the liquidation of the Debtor's remaining assets in the context of a chapter 7 liquidation. Such value must then be reduced by the costs of such liquidation, including costs incurred during the Chapter 11 Cases and allowed under chapter 7 of the Bankruptcy Code (such as professionals' fees and expenses), a trustee's fees, and the fees and expenses of professionals retained by a trustee. The potential chapter 7 liquidation distribution in respect of each Class must be further reduced by costs imposed by the delay caused by conversion to chapter 7. The net present value of a hypothetical chapter 7 liquidation distribution in respect of an impaired Class is then compared to the recovery in respect of such Class provided for in the Plan. For the reasons set forth herein, the Debtor submits that each impaired Class will receive under the Plan a recovery at least equal in value to the recovery such Class would receive pursuant to a liquidation of the Debtor under chapter 7 of the Bankruptcy Code. The Secured Creditor and DIP Lender have only agreed in the context of the Debtor's efforts to seek to confirm a liquidating chapter 11 plan to make available to Holders of Administrative Claims and Priority Claims the distribution set forth in the Plan. The Debtor has no reason to believe such distribution would be made available in a chapter 7 case.

F. Feasibility

Section 1129(a)(11) of the Bankruptcy Code provides that a Chapter 11 plan may be confirmed only if the Bankruptcy Court finds that such plan is feasible. A feasible plan is one which will not lead to a need for further reorganization or liquidation of the debtor. Since the Plan provides for the Debtor to pay only one initial distribution from funds that are presently available or will be generated shortly, the Bankruptcy Court should find that the Plan is feasible if it determines that the Debtor will be able to satisfy the conditions precedent to the Effective Date and otherwise have sufficient funds to meet its post-Confirmation Date obligations to pay for the costs of administering and fully consummating the Plan and closing the Chapter 11 Cases. The Debtor believes that the Plan satisfies the feasibility requirement imposed by the Bankruptcy Code.

V. ALTERNATIVES TO THE PLAN

The Plan reflects the negotiations held among the Debtor, its secured creditor, DIP lender, administrative claimants and priority wage claimants. The Debtor has determined that the Plan is the most practical means of providing for maximum recoveries to creditors. Alternatives to the Plan that have been considered and evaluated by the Debtor during the course of the Chapter 11 Cases include a liquidation of the Debtor's remaining assets under chapter 7 of the Bankruptcy Code. Thorough consideration of other alternatives to the Plan has led the Debtor to conclude that the Plan, in comparison, provides a greater recovery to creditors on a more expeditious timetable, and in a manner which minimizes certain inherent risks than in any other course of action available to the Debtor.

A. Liquidation Under Chapter 7

If the Plan or any other Chapter 11 plan for the Debtor cannot be confirmed under section 1129(a) and (b) of the Bankruptcy Code, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, in which case a trustee would be elected or appointed to liquidate any remaining assets of the Debtor for distribution to creditors pursuant to chapter 7 of the Bankruptcy Code. If a trustee is appointed and the remaining assets of the Debtor are liquidated under chapter 7 of the Bankruptcy Code, all creditors holding Claims will likely receive distributions of a lesser value on account of their Allowed Claims and would have to wait a longer period of time to receive such distributions than they would under the Plan.

B. Alternative Chapter 11 Plan

If the Plan is not confirmed, the Debtor, or any other party in interest, may attempt to formulate an alternative chapter 11 plan which might provide for the liquidation of its remaining assets other than as provided by the Plan. However, since the Debtor's remaining assets are of nominal value and are fully encumbered by the Class I creditor's lien, as well as subject to the super-priority administrative claim of Drugstore and more (if such claim is allowed) and any such plan would have to provide for the distribution of the sale proceeds in accordance with the statutory priorities established by the Bankruptcy Code, the Debtor believes that any alternative plan will necessarily be substantially similar to the Plan or impossible to confirm. Any attempt to formulate an alternative plan would unnecessarily delay creditors' receipt of distributions and, due to the incurrence of additional administrative expenses during such period of delay, may provide for smaller distributions to holders of Claims than are currently provided for in the Plan. Accordingly, the Debtor believes that the Plan will enable all creditors to realize the greatest possible recovery on their respective Claims with the least delay.

C. Certain Risk Factors Related to Confirmation

There can be no assurances that Holders of General Administrative Claims, Priority Wage Claims will not object to the treatment afforded to such Holder pursuant to the Plan. If the Debtor is not able to resolve objections to the Plan, the Debtor may not be able to confirm the Plan. In the event that the Plan is not confirmed or the Chapter 11 Case is converted to a case under chapter 7 of the Bankruptcy Code, the Debtor believes that such inaction or action, as the case may be, will cause the Debtor to incur substantial expenses and otherwise serve only to prolong unnecessarily the administration of the Debtor's assets and negatively affect creditors' recoveries on their Claims.

VI. EFFECT OF CONFIRMATION OF PLAN

A. DISCHARGE OF DEBTOR

Discharge. 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 §1141(d)(1)(A) of the Code, except that the Debtor shall not be discharged of any debt (i) imposed by the Plan, (ii) of a kind specified in §1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure, or (iii) of a kind specified in §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. INJUNCTIONS RELATED TO DISCHARGE

Except as otherwise expressly provided in the Plan, the Confirmation Order or a separate order of the Court, all Persons who have held, hold or may hold Claims against or Equity Interests in the Debtor, are permanently enjoined, on and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Equity Interest against the Debtor, (ii) enforcing, attaching, collecting or recovering by any manner or means of any judgment, award, decree or order against the Debtor on account of any such Claim or Equity Interest, (iii) creating, perfecting or enforcing any Lien or asserting control of any kind against the Debtor or against the property or interests in property of the Debtor on account of any such Claim or Equity Interest and (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtor or against the property or interests in property of the Debtor on account of any such Claim or Equity Interest. Such injunctions shall extend to successors of the Debtor (including, without limitation, the Reorganized Debtor) and their respective properties and interests in property.

C. INJUNCTION AGAINST INTERFERENCE WITH THE PLAN

Upon the entry of a Confirmation Order with respect to the Plan, all holders of Claims and Equity Interests and other parties in interest, along with their respective present or former employees, agents, officers, directors, or principals, shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan, except with respect to actions any such entity may take in connection with the pursuit of appellate rights.

D. LIMITED RELEASE BY HOLDERS OF IMPAIRED CLAIMS

The Plan, and the provisions and distributions set forth herein, is a full and final settlement and compromise of all Claims and causes of action, whether known or unknown, that holders of Claims against and Equity Interests in the Debtor may have against the Debtor. In consideration of the obligations of the Debtor under this Plan, the securities, contracts, instruments, releases and other agreements or documents to be delivered in connection with this Plan, each holder of a Claim against or Equity Interest in the Debtor shall be deemed to forever release, waive and discharge all Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities (other than the rights to enforce the Debtor's obligations under this Plan and the securities, contracts, instruments, releases and other agreements and documents delivered thereunder) whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtor, the Chapter 11 case or the conduct thereof, or this Plan. Notwithstanding the foregoing, nothing in the Plan or the Confirmation Order shall release any Claim or causes of action for gross negligence or willful misconduct.

E. MODIFICATION OF PLAN

The Debtor may alter, amend, or modify the Plan under § 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 at any time before the Confirmation Date, without an additional vote if the Bankruptcy Court finds, after notice and a hearing, to the extent necessary, that the proposed modification does not adversely change the treatment of any claimant who has not accepted the modification. After the Confirmation Date and before substantial consummation of the Plan, the Debtor has the right under § 1127 of the Bankruptcy Code, to amend or modify the Plan in accordance with the Bankruptcy Code, if circumstances warrant amendment or modification and if, after notice and hearing, to the extent necessary, the Bankruptcy Court confirms the Plan as amended or modified.

F. FILING OF MONTHLY OR QUARTERLY OPERATING REPORTS AND U.S. TRUSTEE FEES

Once the Plan is substantially consummated and a Final Decree is entered, the Debtor in Possession will no longer be required to file with the Court and U.S. Trustee a monthly and/or quarterly operating report or pay U.S. Trustee's fees.

G. EFFECT OF CONFIRMATION

The Plan will be binding upon and inure to the benefit of Debtor, holders of Claims and Interests in Debtor, and their respective successors and assigns.

1. Continued Corporate Existence

The Debtor shall cease to exist after the Effective Date and shall dissolve its corporate entity with the Secretary of State within 60 days of the Effective Date.

2. Vesting of Assets

Except as otherwise expressly provided in the Plan and the Confirmation Order, on the effective Date, Gulf Coast shall be vested with all of the property of the Estate.

H. RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, pursuant to §§ 1334 and 157 of title 28 of the United States Code, the Bankruptcy Court will retain such jurisdiction over the Chapter 11 Case after the Effective Date as is legally permissible, including jurisdiction to:

- (a) To enable Debtor to consummate the Plan and any amended or modified Plan and to resolve any disputes arising with respect thereto;*
- (b) To enable Debtor to consummate any and all proceedings that it may bring prior to the entry of the Confirmation Order;*
- (c) To hear and determine all controversies relating to or concerning the classification, subordination, allowance, valuation or satisfaction of Claims;*
- (d) To liquidate or estimate for purposes of allowance all contested, contingent or unliquidated Claims;*
- (e) To hear and determine pending applications for the assumption or rejection of executory contracts or unexpired leases pending on the Confirmation Date and the allowance of Claims resulting therefrom;*
- (f) To hear and determine the validity, extent and priority of all liens, if any, against property of the estate;*
- (g) To hear and determine motions seeking a compromise, settlement, release, or abandonment of any contested claim*
- (h) To hear and determine all applications for compensation and reimbursement and objections to Administrative Claims;*
- (i) To hear and determine all controversies arising out of any purchase, sale, or contract made or undertaken by the Debtor or Liquidated Debtor prior to the Effective Date;*
- (j) To enforce all agreements assumed, if any, and to recover all property of the estate, wherever located;*
- (k) To hear and determine any tax liability of the estate in connection with the Plan, actions taken, distributions or transfers made thereunder,*
- (l) To enforce any and all injunctions created pursuant to the terms of the Plan;*
- (m) To modify the Plan or to remedy any defect or omission or reconcile any inconsistencies in the Plan either before or after the entry of the Confirmation Order;*
- (n) To enter and implement such orders as may be necessary or appropriate to execute, interpret, implement, consummate, or enforce the Plan and the transactions contemplated thereunder;*
- (o) To hear and determine disputes arising in connection with the execution, interpretation, implementation, consummation, or enforcement of the Plan;*
- (p) To enter and implement orders and to take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with the consummation or implementation of the Plan, including, without limitation, to issue, administer, and enforce injunctions, releases, assignments, or indemnity obligations contained in the Plan and the Confirmation Order;*
- (q) To enter a Final Decree pursuant to Bankruptcy Rule 3022.*

VI CONCLUSION

For all the reasons set forth in the Disclosure Statement, the Debtor believes that confirmation and consummation of the Plan is preferable to all other alternatives. Consequently, the Debtor urges all eligible holders of Impaired Claims and Interests to vote to accept the Plan,

and to complete and return their ballots so they will be received on or before the deadline set by the Bankruptcy Court.

QUICK CHANGE ARTIST, LLC., Debtor

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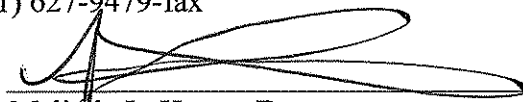
By: 
Malinda L. Hayes, Esq.
Florida Bar No.: 0073503

Exhibit A

Proposed Second Amended Plan of Reorganization
(See ECF#243, filed December 9, 2016)

Exhibit B

Summary of Most Recently Filed Operating Report – (ECF#235, October, 2016)

B 25C (Official Form 25C) (12/08)

UNITED STATES BANKRUPTCY COURT

In re Quik Charge Acct LLC
Debtor

Case No. 15-25377 PGH

Small Business Case under Chapter 11

SMALL BUSINESS MONTHLY OPERATING REPORT

Month: October 2016

Date filed: 11/21/16

Line of Business: Advertiser/Advertiser Serv

NAISC Code: _____

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING SMALL BUSINESS MONTHLY OPERATING REPORT AND THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT AND COMPLETE.

RESPONSIBLE PARTY:

[Signature]
Original Signature of Responsible Party

O. Oestrich
Printed Name of Responsible Party

Questionnaire: (All questions to be answered on behalf of the debtor.)

	Yes	No
1. IS THE BUSINESS STILL OPERATING?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. HAVE YOU PAID ALL YOUR BILLS ON TIME THIS MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. DID YOU PAY YOUR EMPLOYEES ON TIME?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. HAVE YOU DEPOSITED ALL THE RECEIPTS FOR YOUR BUSINESS INTO THE DIP ACCOUNT THIS MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. HAVE YOU FILED ALL OF YOUR TAX RETURNS AND PAID ALL OF YOUR TAXES THIS MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. HAVE YOU TIMELY FILED ALL OTHER REQUIRED GOVERNMENT FILINGS?	<input type="checkbox"/>	<input type="checkbox"/>
7. HAVE YOU PAID ALL OF YOUR INSURANCE PREMIUMS THIS MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. DO YOU PLAN TO CONTINUE TO OPERATE THE BUSINESS NEXT MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. ARE YOU CURRENT ON YOUR QUARTERLY FEE PAYMENT TO THE U.S. TRUSTEE?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. HAVE YOU PAID ANYTHING TO YOUR ATTORNEY OR OTHER PROFESSIONALS THIS MONTH?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11. DID YOU HAVE ANY UNUSUAL OR SIGNIFICANT UNANTICIPATED EXPENSES THIS MONTH?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
12. HAS THE BUSINESS SOLD ANY GOODS OR PROVIDED SERVICES OR TRANSFERRED ANY ASSETS TO ANY BUSINESS RELATED TO THE DIP IN ANY WAY?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
13. DO YOU HAVE ANY BANK ACCOUNTS OPEN OTHER THAN THE DIP ACCOUNT?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

® 25C (Official Form 25C) (12/08)

- 14. HAVE YOU SOLD ANY ASSETS OTHER THAN INVENTORY THIS MONTH?
- 15. DID ANY INSURANCE COMPANY CANCEL YOUR POLICY THIS MONTH?
- 16. HAVE YOU BORROWED MONEY FROM ANYONE THIS MONTH?
- 17. HAS ANYONE MADE AN INVESTMENT IN YOUR BUSINESS THIS MONTH?
- 18. HAVE YOU PAID ANY BILLS YOU OWED BEFORE YOU FILED BANKRUPTCY?

TAXES

DO YOU HAVE ANY PAST DUE TAX RETURNS OR PAST DUE POST-PETITION TAX OBLIGATIONS?

IF YES, PLEASE PROVIDE A WRITTEN EXPLANATION, INCLUDING WHEN SUCH RETURNS WILL BE FILED, OR WHEN SUCH PAYMENTS WILL BE MADE AND THE SOURCE OF THE FUNDS FOR THE PAYMENT.

(Exhibit A)

INCOME

PLEASE SEPARATELY LIST ALL OF THE INCOME YOU RECEIVED FOR THE MONTH. THE LIST SHOULD INCLUDE ALL INCOME FROM CASH AND CREDIT TRANSACTIONS. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL INCOME \$ 19556.90

SUMMARY OF CASH ON HAND

Cash on Hand at Start of Month \$ 16171.03
 Cash on Hand at End of Month \$ 15656.00

PLEASE PROVIDE THE TOTAL AMOUNT OF CASH CURRENTLY AVAILABLE TO YOU TOTAL \$ _____

(Exhibit B)

EXPENSES

PLEASE SEPARATELY LIST ALL EXPENSES PAID BY CASH OR BY CHECK FROM YOUR BANK ACCOUNTS THIS MONTH. INCLUDE THE DATE PAID, WHO WAS PAID THE MONEY, THE PURPOSE AND THE AMOUNT. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL EXPENSES \$ 20051.97

(Exhibit C)

CASH PROFIT

INCOME FOR THE MONTH (TOTAL FROM EXHIBIT B) \$ 19556.90
 EXPENSES FOR THE MONTH (TOTAL FROM EXHIBIT C) \$ 20051.97
 (Subtract Line C from Line B) CASH PROFIT FOR THE MONTH \$ -495.07

B 25C (Official Form 25C) (12/08)

UNPAID BILLS

PLEASE ATTACH A LIST OF ALL DEBTS (INCLUDING TAXES) WHICH YOU HAVE INCURRED SINCE THE DATE YOU FILED BANKRUPTCY BUT HAVE NOT PAID. THE LIST MUST INCLUDE THE DATE THE DEBT WAS INCURRED, WHO IS OWED THE MONEY, THE PURPOSE OF THE DEBT AND WHEN THE DEBT IS DUE. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL PAYABLES \$ 0

(Exhibit D)

MONEY OWED TO YOU

PLEASE ATTACH A LIST OF ALL AMOUNTS OWED TO YOU BY YOUR CUSTOMERS FOR WORK YOU HAVE DONE OR THE MERCHANDISE YOU HAVE SOLD. YOU SHOULD INCLUDE WHO OWES YOU MONEY, HOW MUCH IS OWED AND WHEN IS PAYMENT DUE. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL RECEIVABLES \$ 752,121.10
47,000.00

(Exhibit E)

BANKING INFORMATION

PLEASE ATTACH A COPY OF YOUR LATEST BANK STATEMENT FOR EVERY ACCOUNT YOU HAVE AS OF THE DATE OF THIS FINANCIAL REPORT OR HAD DURING THE PERIOD COVERED BY THIS REPORT.

(Exhibit F)

EMPLOYEES

NUMBER OF EMPLOYEES WHEN THE CASE WAS FILED? 8

NUMBER OF EMPLOYEES AS OF THE DATE OF THIS MONTHLY REPORT? 2

PROFESSIONAL FEES

BANKRUPTCY RELATED:

PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD? \$ 0

TOTAL PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE? \$ 48,000.00

NON-BANKRUPTCY RELATED:

PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD? \$ 0

TOTAL PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE? \$ 0

B 25C (Official Form 25C) (12/08)

PROJECTIONS

COMPARE YOUR ACTUAL INCOME AND EXPENSES TO THE PROJECTIONS FOR THE FIRST 180 DAYS OF YOUR CASE PROVIDED AT THE INITIAL DEBTOR INTERVIEW.

	Projected	Actual	Difference
INCOME	\$ <u>20000</u>	\$ <u>19576.90</u>	\$ <u>-423.10</u>
EXPENSES	\$ <u>15000</u>	\$ <u>2001.97</u>	\$ <u>12998.03</u>
CASH PROFIT	\$ <u>5000</u>	\$ <u>-424.07</u>	\$ <u>-4664.07</u>

TOTAL PROJECTED INCOME FOR THE NEXT MONTH:	\$ <u>20000</u>
TOTAL PROJECTED EXPENSES FOR THE NEXT MONTH:	\$ <u>15000</u>
TOTAL PROJECTED CASH PROFIT FOR THE NEXT MONTH:	\$ <u>5000</u>

ADDITIONAL INFORMATION

PLEASE ATTACH ALL FINANCIAL REPORTS INCLUDING AN INCOME STATEMENT AND BALANCE SHEET WHICH YOU PREPARE INTERNALLY.

Exhibit C
Priority Wage Claims

EXHIBIT C

List of Priority Wage Claims Against Debtor

Claimant Name	Type of Claim	Amount Scheduled or Claimed	Payments proposed in plan (pending objections and consent)
Amanda Smith	Unsecured Priority Wages	\$4,200	\$0 - \$4,200.00 (will waive if necessary to confirm)
April Schweitz	Unsecured Priority Wages	\$360.00	\$360.00
Beatriz Vergara	Unsecured Priority Wages	\$880.00	\$0 (claim objection to be filed)
Becky Batista	Unsecured Priority Wages	\$1,300.00	\$1,300.00
Catherine Coleman	Unsecured Priority Wages	\$156.00	\$156.00
Cecilia Peralta	Unsecured Priority Wages	\$880.00	\$0 (claim objection to be filed)
Deborah Fischer	Unsecured Priority Wages	\$260.00	\$260.00
Diane Begeny	Unsecured Priority Wages	\$170.00	\$170.00
Dominique Barteet	Unsecured Priority Wages	\$12,475.00	\$0 (Waived)
Dorothy Holt	Unsecured Priority Wages	\$955.00	\$955.00
Gredyl Lopez	Unsecured Priority Wages	\$880	\$880.00
Harold McClain	Unsecured Priority Wages	\$2,400.00	\$0 - \$2,400.00 (waived if necessary to confirm)
Janet Simpson	Unsecured Priority Wages	\$950.00	\$950.00
Lena Carter	Unsecured Priority Wages	\$500.00	\$500.00
Linda Arnold	Unsecured Priority Wages	\$100.00	\$100.00

Lindsay Marzano	Unsecured Priority Wages	\$450.00	\$450.00
Margarita Garcia	Unsecured Priority Wages	\$880.00	\$880.00
Marilyn Watson	Unsecured Priority Wages	\$220.00 (Claim#7)	\$120.00 (subject to claim objection)
Mary Cullen	Unsecured Priority Wages	\$1,000.00	\$700.00 (claim objection to be filed)
Roz Batista	Unsecured Priority Wages	\$775.00	\$775.00
Sheri Harkins	Unsecured Priority Wages	\$96.00	\$96.00
Tina Willoughby	Unsecured Priority Wages	\$5,693.87 (Claim#20)	\$3,800.00 (Claim objection pending)
Veronica Billups	Unsecured Priority Wages	\$154.00	\$154.00
Jeffery S. Willoughby	Unsecured Priority Wages	\$3,537.00 (Claim #21)	\$0 (Claim objection pending)
Ashlyn S. Willoughby	Unsecured Priority Wages	\$240.00 (Claim #22)	\$0 (Claim objection pending)
Winston Little	Unsecured Priority Wages	\$800.00	\$800.00
	TOTALS	\$40,311.87	\$13,406.00 (with waived claims) (\$8,713.90 = 65%)
			\$20,006.00 (without waived claims)