B25B (Official Form 25B) (12/08) – Cont.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION

MIAMI TEES, INC.	**}**	**CASE NUMBER: 16-13346-AJC**
	}	**CHAPTER 11**
DEBTOR	**}**	
	}	
	}	
		Small Business Case Under Chapter 11

MIAMI TEES, INC.
FIRST AMENDED DISCLOSURE STATEMENT DATED DECEMBER 1, 2016

I. INTRODUCTION

This is the first amended disclosure statement (the "Disclosure Statement") in the small business Chapter 11 case of Miami Tees, Inc. (the "Debtor" or "Plan Proponent") filed on March 9, 2016. This Disclosure Statement contains information about the Debtor and describes the First Amended Plan of Reorganization (the "Plan") filed by Miami Tees, Inc. on December 1, 2016. A full copy of the Plan is attached to this Disclosure Statement at 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.

The proposed distributions under the Plan are discussed at pages 13-18 of this Disclosure Statement. There is one (1) Priority Tax Class, one (1) Secured Creditor Class (Class 1) and one (1) General Unsecured Class (Class 2) of claimants in this case. The approved General Unsecured Claimants in Class 2 will receive a distribution of 17.25 % of their allowed claims distributed in three (3) equal payments of 1/3 each. The first 1/3 amount shall be paid on the Effective Date of the Debtor's confirmed Plan of Reorganization, with the second 1/3 paid forty-five (45) days after the first, and third 1/3 paid forty-five days after the second.

A. Purpose of This Document

Pursuant to 11 U.S.C. 1125 (f) and Bankruptcy Rule 3016 (c), the Debtor is required to provide its Disclosure Statement to all known creditors, offering information deemed to be material, adequate, and necessary, so its creditors can arrive at a reasonably informed decision, and exercise their right to vote for acceptance, rejection, or abstention from voting on the Debtor's Plan of Reorganization, (hereinafter referred to as the "Plan").

This Disclosure Statement describes:

1. The Debtor and significant events during the bankruptcy case,

2. How the Plan proposes to treat claims or equity interests of the type you hold and what you, and each creditor, will receive on respective claims or equity interests if the plan is confirmed,

3. Who can vote on or object to the Plan,

4. What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan,

5. Why Miami Tees, Inc. (Debtor and Plan Proponent) 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 a liquidation, and

6. The effect of confirmation of the Plan.

Be sure to read this Disclosure Statement, as well as, the Plan. 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 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 Debtor's Plan of Reorganization will take place on a date and time determined by the Court, in Courtroom 7 at the C. Clyde Atkins United States Courthouse, 301 N. Miami Ave, Miami, FL 33128.

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 or receive ballot and return the ballot in the enclosed envelope to William J. Maguire, Esq., Maguire Law Chartered, 400 Columbia Drive, Suite 100, West Palm Beach, FL 33409. See section IV.A. below for a discussion of voting eligibility requirements. Your ballot must be received by seven (7) days before the confirmation date or it will not be counted.

3. Deadline for Objecting to 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 all creditors and interested parties three (3) business days prior to the date of the confirmation hearing set by the Court.

4. Identity of Person to Contact for More Information

If additional information about the Plan is requested, contact William J. Maguire, Esq., Maguire Law Chartered, 400 Columbia Drive, Suite 100, West Palm Beach, FL 33409, T: 561-300-6812, F: 561-687-8103, E: william@maguire-law.com and website: http://www.maguire-law.com.

C. Disclaimer

The Court has conditionally approved, or will conditionally approve, 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 at the hearing on confirmation of the Plan. Objections to the adequacy of this Disclosure Statement may be filed on a date that is three (3) business days prior to the date of the confirmation hearing set by the Court.

No representations concerning the Debtor are authorized by the Debtor other than those contained in this Disclosure Statement. Future values of assets, if any, are subject to changing market conditions, and may not be predicted with complete accuracy; even where qualified appraisals may be available.

Any representations or inducements made to secure your acceptance or rejection of the Plan which are not contained in this Disclosure Statement should not be relied upon by you in arriving at your decision to accept, reject, or abstain from voting on the Plan.

Except where otherwise indicated, the financial information contained in this Disclosure Statement, and its attached Plan of Reorganization, has been compiled by the Debtor and has not been subject to outside review or certified audit.

The Plan is a legally binding document and should be read in its entirety. You may wish to consult with a lawyer to fully understand the Plan and the disclosures contained in this document and its attachments.

The Debtor believes this Disclosure Statement complies with the requirements of the Bankruptcy Code and requests that you carefully review the disclosures contained herein, and after review, the Debtor requests that you accept the Plan by promptly returning your completed ballot to the address provided hereinafter.

II. BACKGROUND

A. Description and History of the Debtor's Business

Miami Tees, Inc. was formed on August 17, 1988, as a Florida corporation. In its 28 years of operation, the Debtor achieved significant brand success and revenues in the apparel industry, primarily as a silk screen printer for casual wear and T-shirts. Michael Chavez, the President of Miami Tees, Inc., started the company when he was 16 years old out of necessity to help his then single mother keep a roof over the family's heads and to make ends meet. Michael had no prior business knowledge or experience beyond the example his father set as an unskilled laborer. Michael watched his father wake up every morning at the crack of dawn, rain or shine, to work as a mason's helper pouring concrete.

With very little money and resources, Michael's strong determination and work ethic, gained from watching his parents, proved sufficient to launch his screen printing business in a dimly lit warehouse with one manual printing machine. Michael was the designer, printer, salesman, marketer, and maintenance man - generating enough business and revenue to pay warehouse rent, buy raw materials, and help support the finances at home for his mother. This commitment to top-quality craft printing and artistic designs; coupled with keeping the promise to deliver finished goods on time, caused the business to grow steadily. What started as a one-man, one machine operation in 1988, by the mid-1990's, Miami Tees' operations expanded to a 10 person, 5 press machines, industry leading, prime manufacturing facility.

As Miami Tees gained brand recognition for the highest-quality, on-spec, on-time printing services, large, national apparel brands, needing high-design, multi-color printing, chose Miami Tees as the most profitable match to deliver and protect their brands in the marketplace. Even as Miami Tees' national brand and government printing business grew, it continued to serve its local customers by supplying exceptional products and maintaining close commercial relationships during the full spectrum of its 28 years from inception to the present day.

Miami Tees' production began to slow several years ago as manufacturing and silk-screen printing began to move offshore – a trend Miami Tees viewed as temporary under the

premise that large scale manufacturing would eventually come back to the United States. Weathering this storm took a substantial toll on the company's operations – causing every resource to be deployed in the effort to remain relevant, stay alive and meet current obligations. As the main printing business continued to shrink, the mortgage crisis and economic downturn arrived, causing added distress to Miami Tees' operations, as well as, many small, local businesses in the South Florida marketplace.

These factors, along with attempting to overcome the obstacles associated with political influences, economic volatility, internal theft and fraud - perpetrated by former top management personnel – led to Miami Tees filing for protection under Chapter 11 on March 9, 2016.

Fast forward to post-petition 2016, and realize that Michael Chavez' past instincts are proving correct. Large scale contract printing is coming back to Miami, and Miami Tees is one of the few companies remaining in the U.S. print and manufacturing marketplace able to service these large, fast-to-market companies. These opportunities for rapid, profitable growth in the U.S. printing industry are evidenced by the Debtor's sales and revenue increasing daily. This opportunity was attainable only through the Chapter 11 Bankruptcy process; and Miami Tees, led by Michael Chavez, is confident of its mission. Miami Tees' mission, that was first envisioned from a small, dark warehouse in 1988, endures today: "we deliver an incredibly good product - at an excellent price and value - on-time, every-time".

B. Case Overview.

The Debtor's decision to file for protection under Chapter 11 has at its core, cash flow shortfalls caused by changing industry trends and recent economic downturns. The Debtor's business began in 1988, and through the years, Debtor built an impressive and profitable business in specialty garment printing. These changes resulted in the Debtor confronted with eviction, the inability to pay current obligation under the terms granted, and to remain current with payroll tax, and other tax, liabilities.

These difficulties resulted in the Debtor's inability to service its accumulation of debt obligations from cash flow. Referring to the Debtor's schedules at the time of filing the case (and

amendments), the Debtor lists (1) pre-petition rent due in the amount of $56,357.63 (approximately 3 months' rent); plus landlord related post-petition costs estimated to be $32,000.00, (2) priority tax liabilities ranging from $481,000.00 to as high a $991,865.19 (referring to the subject of collectability and pre-petition agreements) (3) secured creditors having claims of $129,612.543, and (4) general unsecured creditors having $332,264.93 of listed claims or scheduled debt. The Debtor has remained current with its post-petition rent and has paid, through November 30, 2016, $153,880.33 to the Landlord for the premises where its operations are located.

Against the background of the Debtor's past financial shortfalls; including the negative consequences of extended borrowing from four (4) onerous and costly merchant cash advance providers, Debtor managed its operations effectively over long-term economic cycles – both up and down; volatile and stable. The Debtor's post-petition operations are recovering rapidly, expanding steadily, and generating mild profits. The Debtor previously was in the process of negotiating Debtor-in-Possession financing, but the lenders will not commit to the financing with only a short history of improved operations. Given the amount of the priority tax debts, the secured debts and the administrative expenses of the case, the Debtor feels it is best for the bankruptcy estate to liquidate the Debtor's assets to pay off creditors and administrative expenses pursuant to the priorities of the debts through a sale of the Debtor's assets under 11 U.S.C. §§ 363 and/or 1123(a)(5)(D). A significant portion of the sale proceeds are dedicated to payment of the case's administrative costs and fees, U.S. Trustee fees and Plan settlement payments to priority, secured, and unsecured creditors (see pages 13- 17).

The Debtor is filing its motion seeking Court approval of the sale of its assets contemporaneously with the filing of its Disclosure Statement and Plan. The sale terms include paying off the first or senior priority security interests of the majority of the assets, taking the Nazdar machine subject to the $12,000.00 lien, assigning the lease of the Debtor's business premises with the obligation for the purchaser to cure the lease, and payment of additional amounts over time to the I.R.S. in exchange for agreement by the I.R.S. to a carve-out to pay unsecured creditors on a pro rata basis.s. Creditors have a right to object to the sale, and the Court will ultimately decide whether to approve it. This Chapter 11 case ultimately maximized the Debtor's value by preserving the Debtor's opportunities in this industry, leading to successful expansion and growth of its post-petition and post-confirmation

operations. This combination of opportunity assures a more successful outcome to the creditors than if the Debtor were liquidated at the low point of its business history (where the Debtor was at the beginning of this case).

C. Insiders of the Debtor

Michael Chavez, President of the Debtor, is an insider as defined in §101(31) of the United States Bankruptcy Code (the "Code"). Michael Chavez, post-petition, is compensated at $800.00 per month; plus, reimbursement of reasonable and authorized business expenses of approximately $250.00 per month. Prior to the commencement of the Debtor's bankruptcy case, Michael Chavez received, on average, $3,000.00 a month as direct compensation as President of Miami Tees, Inc.

D. Management of the Debtor Before and During the Bankruptcy

During the two years prior to the date on which the bankruptcy petition was filed, the officers, directors, managers or other persons in control of the Debtor (collectively the "Managers") were:

1. Michael Chavez, President and Director
2. Mark Clayton, Operations Manager (no longer the with Miami Tees)
3. Jose Rodriguez, Chief Financial Officer and bookkeeper

The Managers of the Debtor during the Debtor's Chapter 11 case have been:

1. Michael Chavez, President and Director
2. Jose Rodriguez, Chief Financial Officer and bookkeeper

After the effective date of the order confirming the Plan, the directors, officers, and voting trustees of the Debtor, any affiliate of the Debtor participating in a joint Plan with the Debtor, or successor of the Debtor under the Plan (collectively the "Post Confirmation Managers"), will be:

1. Michael Chavez, President and Director of proposed successor entity / stalking horse purchaser

2. Jose Rodriguez, Chief Financial Officer and bookkeeper of proposed successor entity / stalking horse purchaser

The responsibilities and compensation of these Post-Confirmation Managers are described in section D.2. of this Disclosure Statement.

E. Significant Events During the Bankruptcy Case

The following significant events have occurred during the Debtor's bankruptcy case:

1. Describe any asset sales outside the ordinary course of business, debtor in possession financing, or cash collateral orders.

a) No asset sales occurred outside of the ordinary course of business during the bankruptcy case, but an asset sale is proposed under the Plan.

b) Cash collateral orders referencing Bank of America and the Internal Revenue Service are entered follows:

[DE 26] 04/18/2016
[DE 48] 07/12/2016
[DE 60] 08/15/2016

2. Identify the professionals approved by the court.

a) William J. Maguire, Esq.,
Maguire Law Chartered,

b) F. Morgenstern, P.A.
Frederick Morgenstern, Senior Financial Analyst

3. Describe any adversary proceedings that have been filed or other significant litigation that has occurred (including contested claim disallowance proceedings), and any other significant legal or administrative proceedings that are pending or have been pending during the case in a forum other than the Court.

Although there are no adversary proceedings in this case, considerable, time consuming negotiations referencing settling matters with the Landlord are considered substantial and significant (See section IX. OTHER PLAN PROVISIONS where Stipulation and Settlement of these matter appears imminent. The Debtor also has significant tax problems, which also resulted in considerable, time consuming negotiations.

4. Describe any steps taken to improve operations and profitability of the Debtor.

Increased marketing,
Launching of digital products, and producing new products consistent with growth trends and new markets.
Right-sized operations and personnel.

5. Describe other events as appropriate.

a) Although Debtor continued to generate insufficient cash flow to pay post-petition payroll tax liabilities in the amount of between $115,000.00 and $123,390.09, Debtor remained current on all other priority tax requirements.

b) Beginning in the 4th quarter 2016, Debtor has deposited current payroll tax obligations in its DIP Tax Account at TD Bank, N.A. and has reached sufficient sales and revenue to remain current with its IRS payroll tax deposits ongoingly.

F. Projected Recovery of Avoidable Transfers [Choose the option that applies]

The Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions as none have occurred.

G. 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.

H. Current and Historical Financial Conditions

The identity and fair market value of the estate-s assets are listed at Exhibit B. (See Appraisal of Debtors Assets at Exhibit B conducted on June 1, 2016 by George L. Richards, President of National Auction Company concluding with a range of value of $171,925 (Liquidation) to $213,450 (organized sale).

The Debtor-s most recent financial statements issued before bankruptcy, each of which was filed with the Court, are set forth in Exhibit C.

[The most recent post-petition operating report filed since the commencement of the Debtor's bankruptcy case are set forth in Exhibit D.] [A summary of the Debtor's periodic operating reports filed since the commencement of the Debtor's bankruptcy case is set forth in Exhibit D.]

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.

1. Chapter 11 offers the operating arena to first organize the issues causing financial breakdowns and shortfalls leading to the need to seek protection under Chapter 11; to "freeze" or stay the issues for a closer look at solutions. Chapter 11, in its shortest summary offers the gaining of the time to organize, manage, and control an outcome that is economically and beneficially superior for the Debtor and the creditors with compared with Chapter 7 liquidation. This best summarizes the term "reorganization" rather than "liquidation". Even where

liquidation occurs under a Chapter 11, as proposed here, there is greater ability to earn a "going concern premium" as compared to a pure liquidation of the Debtor's assets.

2. The Debtor's Plan accomplishes the above objectives with reason and feasibility having demonstrated, post-petition, to remain current with its lease payments and other cash collateral obligations. Further, the Debtor is stabilizing and increasing its revenue monthly, and after installing an upgraded accounting system and adding a Certified Public Accountant as its Chief Financial Officer, Miami Tees is enabled to control and manage its costs of operations and personnel more efficiently. Thus, the going-concern value of the Debtor's business is greater than it was earlier in the case. However, the going-concern value is tempered by the high business risks and expenses (high rent; large tax liabilities; high payroll, labor-intensive production; etc.)

3. Sale under U.S.C. §§ 363 and/or 1123(a)(5)(D). Although the Debtor's operations have increased substantially during this case, analysis of the Debtor's current and future income stream confirms there is insufficient cash flow to successfully fund operating costs and its proposed Plan payments without benefit from a U.S.C. §§ 363 and/or 1123(a)(5)(D) having the following elements:

	1.	$30,000.00	Paid to Administrative Expense
	2.	$47,603.50	Carve-out to Unsecured Creditors
	3	$172,396.50	Parceled to Bank of America and the IRS
Subtotal (cash):	4.	$250,000.00	
Source §§ 363 Buyer:	5.	$115,276.70	Payable to Landlord (pre-petition rent, plus fees)
	6.	$ 47.603.50	Return of funded Carve-out
	7.	$65,000.00	Allocation remaining balance of IRS
	8.	$60,000.00	Allocation remaining balance Administrative fee
Total §§ 363 Buyer: (Allocations)		$537,880.20 ==========	

However, analysis of the Debtor's current claims and the positive feedback of the Debtor's initial Plan indicate that the use of the Sale Proceeds as proposed in the Plan represent a good outcome for the Debtor's estate. The Debtor's Plan of Reorganization confirms feasibility by summarizing the manner and disposition of these conclusions.

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 twenty (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 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 to be Incurred	Proposed Treatment
Expenses Arising in the Ordinary Course of Business After the Petition Date	$230,000.00	Paid in full on the effective date of the Plan, or according to terms of obligation if later
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date	$3,000.00	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.	$85,000.00	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 Plan
Court Clerk’s fees	$2,000.00	Paid in full on the effective date of the Plan
Other administrative expenses	$5,000.00	Paid in full on the effective date of the Plan or according to separate written agreement
Office of the U.S. Trustee Fees	$10,000.00	Paid in full on the effective date of the Plan
Total	$335,000.00	

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. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim. The following chart lists all classes containing Debtor=s secured pre-petition claims and their proposed treatment under the Plan:

Creditor Class #	Description	Insider? (Yes or No)	Impairment	Percentage Realized/Paid	Allowed Amount and Treatment
1 (Secured) (POC #14 07/11/2016)	Bank of America (all Assets)	No	No	100% On Effective Date of Plan	$117,612,43* * Payoff will have adjustments and adjacent fees
1	I.R.S. (all Assets)	No	Yes	100% pursuant to security agreement with Purchaser of Assets of Debtor over 24 months from Effective Date of Plan	$95,000.00
1 (Secured) No POC for secured amount	Nazdar Digital Printer	No	Yes	100% pursuant to terms of loan for equipment, paid by purchaser of Debtor's assets at $1,000.00 per month for 12 months from Effective Date of Plan	$12,000.00

The charts following charts list all classes containing claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code and their proposed treatment under the Plan:

2. Classes of Priority Unsecured Claims

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the Effective Date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

The following lists all Class 2 unsecured priority classes referencing various pre-petition tax liabilities:

Creditor Class # 2	Description	Claimed Liability	Claims Treatment
(POC #1 - 03/22/2016)	Miami-Dade County Tax Collector Property Tax	$98,428.35	Planned Treatment remains in negotiations as Miami-Dade is objecting to the current Plan Treatment. Proposed treatment includes extended monthly payment plan; including principal and interest. However, the Proposed §§ 363 may appropriately substantially reduce what is paid to creditor.
Internal Revenue Service (POC #2 - 03/28/2016)	Payroll Withholding Less: BoA Secured Amt: Asset Liquidation Amt: Total Secured: Total Unsecured:	$877,455.80 -117,612,43 -213,450 95,837.57 781,618.23 $481,221.00 (Approximate Tax Only)	Planned Treatment is in negotiation as Debtor's proposals are under consideration by the IRS. Proposed treatment includes extended monthly payment plan; including principal and interest. However, the Proposed §§ 363 may appropriately substantially reduce what is paid to creditor.

State of Florida – Department of Revenue (POC #7-2 - 09/12/2016)	Sales Tax	$15,981.04	Planned Treatment is in negotiation as Debtor's proposals are under consideration by the creditor. Proposed treatment includes extended monthly payment plan; including principal and interest. However, the Proposed §§ 363 may appropriately substantially reduce what is paid to creditor.

3. Class 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 following chart identifies the Plan's proposed treatment, and each amount listed (subject to final verification as the actual amount owed), of Class 2 which contains General Unsecured Claims against the Debtor. The Debtor is proposing a Carve-out for the General Unsecured Creditors at confirmation. This Carve-out would be enabled by the IRS permitting the Carve-out and permitting the §§ 363 Buyer to repay the IRS the amount of the Carve-out over-time with principal and interest at the rate of 4% per annum.

Creditor Class #	Description	Insider? (Yes or No)	Impairment	Percentage Realized/Paid	Allowed Amount and Treatment	Total
3 (POC #3 03/28/2016)	Safety-Kleen/ Cleanharbors	No	Yes	$3,014.91 x 17.25% =	12 Payments @ $43.34 Beginning on the Effective Date	$520.07
3 (POC #4 04/05/2016)	United Parcel Service	No	Yes	$213.07 x 17.25% =	12 Payments @ $3.06 Beginning on the Effective Date	$36.75
3 (POC #5 04/05/2016)	Rennert, Vogel, Mandler & Rodriguez, P.A.	No	Yes	$4,660.00 x 17.25% =	12 Payments @ $66.99 Beginning on the Effective Date	$803.85

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Creditor Class #	Description	Insider? (Yes or No)	Impairment	Percentage Realized/Paid	Allowed Amount and Treatment	Total
3 (POC #6 04/05/2016)	Florida City Gas	No	Yes	$3,871.79 x 17.25% =	12 Payments @ $56.49 Beginning on the Effective Date:	$677.88
3 (POC #8 05/02/2016)	American Express Bank FSB	No	Yes	$13,080.48 x 17.25%	12 Payments @ $188.03 Beginning on the Effective Date:	$2,256.38
3 (POC #9 05/03/2016)	McMaster-Carr Supply Company	No	Yes	$625.00 x 17.25% =	12 Payments @ $8.98 Beginning on the Effective Date:	$107.81
3 (POC #11 06/01/2016)	AFCO	No	Yes	$681.17 x 17.25% =	12 Payments @ $9.79 Beginning on the Effective Date:	$117.50
3 (POC #12 07/08/2016)	IBIS Capital Group, LLC	No	Yes	$22,295.00 x 17.25% =	12 Payments @ $320.49 Beginning on the Effective Date:	$3,845.89
3 (POC #15 07/14/2016)	Colonial Funding Network, Inc.	No	Yes	$59,465.63 x 17.25% =	12 Payments @ $854.82 Beginning on the Effective Date:	$10,257.82
3 (No POC)	Yellowstone Capital, LLC. PC??	No	Yes	$38,000.00 x 17.25% =	12 Payments @ $546.25 Beginning on the Effective Date:	$6,555.00
3 (No POC)	IOU Financial Inc.	No	Yes	$75,000.00 x 17.25%	12 Payments @ $1.078.13 Beginning on the Effective Date:	$12,937.50

Creditor Class #	Description	Insider? (Yes or No)	Impairment	Percentage Realized/Paid	Allowed Amount and Treatment	Total
3 (No POC)	Hunter Caroline	No	Yes	$55,000 x 17.25% =	12 Payments @ $790.63 Beginning on the Effective Date:	$9,487.50
				$275,907.05 Total Class 3 Claims	$3,967.00 Monthly Payment x 12	$47,603.50 Total Settlement Amount @ $17.25% (with Rounding)

4. Class of Equity Interest Holders

Equity interest holders are parties who hold an ownership interest (*i.e.*, equity interest) in the Debtor. The Debtor is a corporation and Michael Chavez, President is the only common stock holders. There is no preferred stock issued or outstanding.

The following chart sets forth the Plan's proposed treatment of the class of equity interest holders:

Equity Class #	Description	Impairment	Allowed Amount and Treatment
1	Michel Chavez	Yes	Equity is sold in the §§ 363 Sale causing the most favorable economic outcome for the creditors.

D. Means of Implementing the Plan

1. Source of Payments

Payments and distributions under the Plan will be funded by an insider U.S.C. §§ 363 and/or 1123(a)(5)(D) the §§ 363 Sale Proceeds and from surplus cash flow generated by the §§ 363 Purchaser's operations.

2. Post-confirmation Management

The Post-Confirmation Managers of the Debtor, and their compensation, shall be as follows:

Name	Affiliations	Insider (yes or no)?	Position	Compensation
Michael Chavez	Insider	Yes	President and CEO	$0.00 a month

E. Risk Factors

The proposed Plan has the following risks:

While this case hinges on only a few elements, there remains a degree of risk that the Debtor will not accomplish the proposed Sale on terms sufficiently favorable to the Debtor's estate and its creditors. Priority Tax Claimants or other parties in interest could object to the Sale. Further, since the success of the Plan is dependent upon the additional funding through payments over time from the Purchaser, there is a certain amount of credit risk to the Plan. The Debtor has proposed to mitigate this risk to the bankruptcy estate by including security interests on the assets subject to the Sale for the benefit of the I.R.S. (who is proposed to accept such payment risk), as well as by the Debtor proposing to transfer the risk from the majority of interested parties to solely the I.R.S. (benefitting the many creditors by burdening the I.R.S., who is proposed to be adequately protected by its post-sale lien). This statement is supported by various risk factors. The Debtor's current operation is mildly profitable and could not sustain full payment of its creditors at confirmation or a substantial increase in the terms and percentages offered. A pure liquidation of the Debtor's assets at this point in time likely would benefit only Bank of America and the I.R.S. (the two senior-secured creditors of the Debtor's assets).

When weighing the above risk factors, among others, against the alternatives; where the Debtor would be forced to fund more than it has offered in its Plan at confirmation, would likely subject the Debtor to liquidation. Should this occur, the Claimants would receive substantially less than the distributions as proposed, and with this in view, the creditors are recommended to affirm the Plan.

The various analyses, alternatives, risk assessments, and observations relevant to this section F. Risk Factors, are assembled in Debtor's Financial Information for Disclosure Statement and Plan and upon request from the Debtor's attorneys.

F. Executory Contracts and Unexpired Leases

The Plan, in Exhibit 5.1, 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. Exhibit 5.1 also lists how the Debtor will cure and compensate the other party to such contract or lease for any such defaults, which here will fall to the Purchaser to cure such defaults – further benefitting the bankruptcy estate.

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 that are not listed in Exhibit 5.1 will be rejected under the Plan. 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 from rejection of a 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.

G. Tax Consequences of Plan

There are various anticipated tax consequences that may arise from the Debtor's Reorganization.

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.

A summary description of certain United States ("U.S.") federal income tax consequences of the Plan is provided and discussed below. This description is for informational purposes only and, due to lack of definitive judicial or administrative authority or interpretation, substantial uncertainties exist with respect to various U.S. federal income tax consequences of the Plan. Only the potential material U.S. federal income tax consequences of the Plan to the Debtor, and to a typical holder of Claims and Interests, who are entitled to vote or to accept or reject the Plan are described below.

No opinion of counsel has been sought or obtained with respect to any tax consequences of the Plan, and no tax opinion is being given in this Disclosure Statement. No rulings or determination of the Internal Revenue Service (the "IRS") or any other tax authorities have been sought or obtained with respect to any tax consequences of the Plan, and the discussion below is not binding upon the IRS or such other authorities. No representations are being made regarding the particular tax consequences of the confirmation and consummation of the Plan to the Debtor or to any holder of Claims or Interests. No assurance can be given that the IRS would not assert, or that a Court would not sustain, a different position from any discussed herein.

The discussion of the U.S. federal income tax consequences below is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury Regulations promulgated and proposed thereunder, judicial authorities, and administrative rulings and pronouncements of the IRS and other applicable authorities, all as in effect on the date of this Disclosure Statement. Legislative, judicial, or administrative changes or interpretations enacted

or promulgated in the future could alter or modify the analyses and conclusions set forth below. It cannot be predicted at this time whether any tax legislation will be enacted or, if enacted, whether any tax law changes contained therein would affect the tax consequences to the holders of Claims and Interests (the "Claimants"). Any such changes or interpretations may be retroactive and could significantly affect the U.S. federal income tax consequences discussed below.

THIS DISCUSSION DOES NOT ADDRESS FOREIGN, STATE OR LOCAL TAX CONSEQUENCES OF THE PLAN, NOR DOES IT PURPORT TO ADDRESS THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN TO SPECIAL CLASSES OF TAXPAYERS (SUCH AS FOREIGN ENTITIES, NONRESIDENT ALIEN INDIVIDUALS, PASS-THROUGH ENTITIES SUCH AS PARTNERSHIPS AND HOLDERS THROUGH SUCH PASS-THROUGH ENTITIES, “S” CORPORATIONS, MUTUAL FUNDS, INSURANCE COMPANIES, FINANCIAL INSTITUTIONS, SMALL BUSINESS INVESTMENT COMPANIES, REGULATED INVESTMENT COMPANIES, CERTAIN SECURITIES TRADERS, BROKER-DEALERS AND TAX-EXEMPT ORGANIZATIONS). FURTHERMORE, ESTATE AND GIFT TAX ISSUES ARE NOT ADDRESSED AND TAX CONSEQUENCES RELATING TO THE ALTERNATIVE MINIMUM TAX ARE GENERALLY NOT DISCUSSED.

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

H. U.S. Federal Income Tax Consequences to the Debtor:

1. Cancellation of Indebtedness Income.

Generally, the discharge of a debt obligation owed 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) gives rise to cancellation of indebtedness (cancellation of debt "COD") income to the debtor, subject to certain rules and exceptions. However, when the discharge of indebtedness occurs pursuant to a plan approved by the Bankruptcy Court in a case under Title 11 of the Bankruptcy Code (e.g., a Chapter 11 case), there is a special rule under the Tax Code that specifically excludes from a Debtor's income the amount of such discharged indebtedness (the so-called "bankruptcy exception"). Instead, certain of the Debtor's tax attributes otherwise available generally must be reduced by the amount of the COD income that is excluded from the Debtor's income. Such reduction of tax attributes generally occurs in the following order: (i) net operating losses and net operating loss carryovers (collectively, "NOLs"), (ii) general business credits, (iii) minimum tax credits, (iv) capital loss carryovers, (v) the tax basis of Debtor's property (both depreciable and non-depreciable), (vi) passive activity loss and credit carryovers, and (v) foreign tax credit carryovers (although there is a special rule in the Tax Code which allows the debtor to elect to first reduce the tax basis of depreciable property before having to reduce NOLs and other attributes).

Under current Income Tax Regulations, the availability of the "bankruptcy exception" in the context of an affiliated group is made on a "separate entity" basis and not on an "affiliated group" basis. However, for reference purposes, regarding tax attribute reduction in the context of an affiliated group, recently adopted Income Tax Regulations (section 1.1502-28) suggest a "hybrid" method of attribute reduction. Under the current Tax Regulations only member, corporations can file on a consolidated tax basis. Under these regulations, the tax attributes of the separate corporate member having excluded COD income is first reduced, followed by a reduction of the tax attributes of the subsidiary members (to the extent of any stock basis reduction). Then, to the extent a corporate member's excluded COD income exceeds that corporate member's separate entity tax attributes, the consolidated tax attributes allocated to the other corporate members are proportionately reduced. Some of the debtors are single-member limited liability companies ("SMLLC") which are treated as disregarded entities for federal income tax purposes member. It is unclear whether the bankruptcy exception would apply to the debtors that are SMLLC's or in the alternative whether the COD income be treated as having been realized to the single member.

2. Gain or Loss on Sale of Debtor's Assets.

In general, a sale of a property results in a gain or a loss of the portion of the presumed equity in an amount equal to the difference between the amount realized (the amount of cash and the fair market value of any other property received; plus liabilities of the debtor's assumed by the Buyer, if any) and the debtor's tax basis in the assets sold. Such gain or loss, if any, may be a benefit (or eliminated) to the extent that a debtor has sufficient NOL's or other tax reduction solutions; including possible qualification under the "insolvency exclusion". The IRS explains the insolvency exclusion in Publication 908: "You are insolvent when, and to the extent, your liabilities exceed the fair market value of your assets. Determine your liabilities and the fair market value of your assets immediately before the cancellation of your debt to determine whether or not you are insolvent and the amount by which you are insolvent."

3. U. S. Federal Income Tax Consequences to an Investor Typical of the Holders of Claims and Interests.

The U.S. federal income tax consequences of the implementation of the Plan to the Claimants, typical of the holders of Claims and Interests who are entitled to vote to confirm or reject the Plan, will depend on a number of factors, including (i) whether the Claim constitutes a "security" for U.S. federal income tax purposes, (ii) the nature and origin of the Claim, (iii) the manner in which the holder acquired the Claim, (iv) the length of time the Claim has been held, (v) whether the Claim was acquired at a discount, (vi) whether the holder has taken a bad debt deduction or loss with respect to the Claim (or any portion thereof) in the current year or in any prior year, (vii) whether the holder has previously included in its taxable income accrued but unpaid interest with respect to the Claim; (viii) the holder's method of tax accounting, (ix) whether the Claim is an installment obligation for U.S. federal income tax purposes, and (x) the timing of any distributions under the Plan.

4. Gain or Loss Recognition on the Satisfaction of Claims and Character of Gain or Loss.

Claimants will generally not recognize gain, but may recognize loss, with respect to the amount in which the Claimants receive on their Claims (generally, the amount of cash and the

fair market value of any other property received in satisfaction of the Debtor's obligations) that either exceeds, on one hand, or is less than, on the other hand, the Claimant's basis in the Claim. Thus, it is possible that certain Claimants may recognize a gain or loss as a result of distributions under the Plan.

In general, gain or loss is recognized by any such Claimant is either capital or ordinary in character. The character is dependent upon the underlying nature of the Claim and whether such Claim, in the hands of the Claimant, constitutes a capital asset. To the extent that a debt instrument is acquired after its original issuance for less than the issue price of such instrument, it will have market discount. A holder of a Claim with market discount must treat any gain recognized on the satisfaction of such Claim as ordinary income to the extent that it does not exceed the market discount that has already been accrued with respect to such Claim. There may also be state, local, or foreign tax considerations applicable to particular holders of Claims, none of which are discussed herein. Claimants should consult their own tax advisors for information that may be relevant to their particular situations and circumstances and the particular tax consequences to them of the transactions contemplated by the Plan.

5. Holders of Disputed Claims.

Although not free from doubt, holders of Disputed Claims should not recognize any gain or loss on the date that the assets are transferred to the Disputed Claims Reserve; if such occurs or is applicable, but should only be required to report their gain or loss on the cash or other property that is distributed out to the Claimant from the Claims Reserves free from any further restrictions. Holders of Disputed Claims are urged to consult their own tax advisors regarding the taxation of their Disputed Claims and the timing and amount of income or loss recognized relating to the Disputed Claims Reserve.

6. Information Reporting and Backup Withholding.

Certain payments, including payments in respect of accrued interest or market discount, are generally subject to information reporting by the payor to the IRS. Moreover, such reportable payments may be subject to backup withholding. Under the Tax Code’s backup withholding rules, a U.S. Claimant may be subject to backup withholding at the applicable rate with respect

to certain distributions or payments pursuant to the Plan, unless the Claimant: (i) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact or (ii) provides a correct U.S. taxpayer identification number and certifies under penalty of perjury that the holder is a U.S. person, the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividend and interest income. Payments made to Foreign Claimants may also be subject to withholding, which may be reduced under an applicable Treaty. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a holder's U. S. federal income tax liability, and a Claimant may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS.

7. Importance of Obtaining Professional Tax Assistance

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U. S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A CLAIMHOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, CLAIMHOLDERS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS ABOUT THE U. S. FEDERAL, STATE, LOCAL, AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN, INCLUDING WITH RESPECT TO TAX REPORTING AND RECORD KEEPING REQUIREMENTS.

8. Circular 230 Disclaimer

THE IRS REQUIRES WRITTEN ADVICE REGARDING ONE OR MORE U.S. FEDERAL TAX ISSUES TO MEET CERTAIN STANDARDS. THOSE STANDARDS INVOLVE A DETAILED AND CAREFUL ANALYSIS OF THE FACTS AND APPLICABLE LAW WHICH WE EXPECT WOULD BE TIME CONSUMING AND COSTLY. WE HAVE NOT MADE AND HAVE NOT BEEN ASKED TO MAKE THAT TYPE OF ANALYSIS IN CONNECTION WITH ANY ADVICE GIVEN IN THE FOREGOING DISCUSSION.

AS A RESULT, WE ARE REQUIRED TO ADVISE YOU THAT ANY U.S. FEDERAL TAX ADVICE RENDERED IN THE FOREGOING DISCUSSION IS NOT INTENDED OR WRITTEN TO BE USED AND CANNOT BE USED FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED BY THE IRS.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

The Bankruptcy Code requires that the Plan:

(1) be accepted by requisite votes of impaired classes of creditors,

(2) that the Plan be proposed in good faith, be feasible, and

(3) that confirmation of the Plan be in the best interest of all holders of claims and interests. To confirm the Plan, the Bankruptcy Court must find that all these requirements are met; including, that "adequate information" as defined in the Code, was provided in the Plan of Reorganization and Disclosure Statement to otherwise approved the Plan in its entirety.

Accordingly, even if the creditors of the Debtor accept the Plan by the requisite votes, the Bankruptcy Court must make independent findings respecting:

1) the Plan feasibility,

(2) that adequate information was provided, and

(3) whether the Plan is in the best interest of creditors, before the Court may confirm the Plan. The "best interests" test requires that the Bankruptcy Court find that the Plan provides to each member of each impaired class of claims and interests a recovery which has a present value at least equal to the present value of the distribution which each such person would receive from the Debtor if the Debtor liquidated its assets under Chapter 7 of the Bankruptcy Code.

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; at least one impaired class of claims must accept the plan, without counting votes of insiders; 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.

As a condition to confirmation, the Bankruptcy Code requires that each impaired class of claims or interests accepts the Plan. The Bankruptcy Code, however, contains provisions for confirmation of a Plan even if the Plan is not accepted by all impaired classes, if at least one impaired class of claims has accepted it. Briefly, these "Cramdown" provisions for confirmation of the Plan, despite the non-acceptance of one or more impaired classes of claims or interests, are set forth in 11 U.S.C. 1129(b) which requires the Bankruptcy Court to find that the Plan treatment of a non-accepting impaired class is fair and equitable.

Conclusively, the Debtor believes the Plan as proposed is in the best interests of the Creditors as it provides an efficient, effective, and orderly settlement and satisfaction of the approved claims and offers strong support for Debtor's objections to claims should any objection or objections arise.

A. 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 impaired.

In this case, the Plan Proponent believes that all classes are impaired and that holders of claims in each of these classes are therefore entitled 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 07/11/2016 and Last Date (Gov't) was 09/16/2016. The Deadline to file objections to claims is three (3) business days prior to the date of the confirmation hearing set by the Court.

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:

a) holders of claims and equity interests that have been disallowed by an order of the Court;

b) 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.

c) holders of claims or equity interests in unimpaired classes;

d) holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and,

e) holders of claims or equity interests in classes that do not receive or retain any value under the Plan;

f) 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 "cramdown" 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 the following occur: (1) the holders of more than one-half (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 (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 (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 nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a "cramdown" plan.

In the event any impaired Class of creditors with claims against any of the Debtor's Estate fails to accept the Plan in accordance with §1129(a) of the Bankruptcy Code, the Debtor may request the Court to "Cramdown" the creditors. The Code allows the Plan to bind nonaccepting 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. Such a request could occur if the Plan is not accepted by at least two-thirds (2/3) in amount, and by more than one-half (1/2) in number of the Allowed Claims of each Class that have voted to accept or reject the Plan. In such event the aggregate vote does not carry to accept the Plan, an alternative exists where the Debtor may request the Bankruptcy Court to dismiss or convert this case to a case under Chap.7, Title 11.

a) There are several other factors joining the request for a Cramdown. The Debtor generally is required to add new value to the Estate. The contemplated §§ 363 Sale as a strategy resolve the potential challenges surrounding s §§ 363 Sale and at a benefit to the creditors far exceeding liquidation.

b) The Debtor intends to continue to add value to the Estate should a Cramdown occur. In this regard, analysis of the Disclosure Statement and the Plan indicates a more favorable outcome for all the creditors when the Plan is accepted rather than rejected. See Article IX of 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.

C. Liquidation Analysis and Alternatives to Confirmation; including Risk Sensitivities and Analysis.

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. A liquidation analysis is attached to this Disclosure Statement as Exhibit E.

In the event the accompanying Plan, or any of its modifications or amendments, is not accepted by the holders of Approved Claims and Allowed Interests in the impaired classes or otherwise confirmed by the Court under the Cramdown provisions of Section 1129(b) of the Bankruptcy Code, the Debtor believes that the Debtor's case would be dismissed or converted to a case under Chapter 7. In such event, a Trustee would be appointed, and the Debtor's assets would be liquidated for distribution to creditors. Since the Debtor has limited assets beyond its stock in trade, which are subject to IRS and creditor levy, creditors would realize less than the proposed distributions offered in the Debtor's Plan of Reorganization in a liquidation.

In a liquidation, the unsecured creditor would not be entitled to any of the equity from the sale of the real property or personal property as a forced sale would predictably erode the projected equity value of the Estate assets and personal property. Accordingly, in a Chapter 7 Bankruptcy, the unsecured creditor would likely receive far less, if any, distribution.

D. Feasibility

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

1. Ability to Initially Fund Plan

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date. Tables showing the amount of cash on hand on the effective date of the Plan, and the sources of that cash are attached to this disclosure statement as Exhibit F.

2. Ability to Make Future Plan Payments and Operate Without Further Reorganization:

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments.

The Plan Proponent has provided projected financial information. Those projections are listed in Exhibit G.

The Plan Proponent's financial projections show that the Debtor will have an aggregate annual average cash flow, after paying operating expenses and post-confirmation taxes, of sufficient funds to sustain profitable operations. The final Plan payment is expected to be paid approximately 48 months after the Effective Date of the Plan.

You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

V. EFFECT OF CONFIRMATION

Pursuant to 1141(d)(3) the Debtor will be not be discharged due to the fact that the Plan calls for liquidation of all of the property of the estate, the Debtor will not engage in business operations after consummation of the Plan, and that the Debtor is not an individual. of all claims and liabilities arising prior to the filing of the Petition, whether or not a proof of claim is filed, the claim is allowed or the holder of a claim has accepted the Plan if the Debtor does not liquidate. Confirmation of the Plan satisfies all claims or causes of action arising out of any claim settled and satisfied under the terms of the Plan. Confirmation of the Plan vests title to all assets in the reorganized Debtor.

Section 1141(d) (5) provides that unless the Court orders otherwise for cause; after notice to all creditors and interested parties, confirmation does not discharge any debt provided for under the Plan unless the Debtor completes all payments under the Plan.

Reservation of Rights Under Sections 1141(d)(5) and 350(a). The Debtor reserves the right, after confirmation, to seek the closing of this bankruptcy proceeding prior to the entry of an Order of Discharge, upon the payment of (1) the initial payment under the Plan, (2) payment of all outstanding quarterly United States Trustees Fees, and (3) the filing of any outstanding federal income tax returns.

Such a request may be granted only upon notice and hearing, with notice to all creditors and interested parties. If such request is granted, then upon the satisfaction of all payments required to be paid inside the Plan to the approved creditors, the Debtor may file a motion to reopen this bankruptcy proceeding, pursuant to 11 U.S.C. § 350(b), and the Court may then grant the Debtor a discharge, pursuant to 11 U.S.C. § 1141(d)(5). This paragraph only preserves the Debtor's right to seek the relief described above and does not conclusively grant such relief. Creditors' and interested parties' rights to object to such relief shall similarly be preserved until it is requested by the Debtor after confirmation. Here, in addition to any applicable law, the Plan calls for enjoining of any action against the Debtor, despite the lack of any discharge, as taking action against the Debtor would jeopardize the payments over two years proposed to the I.R.S. – which could substantially affect the success and consummation of the Plan.

VI. DISCHARGE OF CORPORATE 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.

VII. MODIFICATION OF PLAN

The Plan Proponent 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 Plan Proponent 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.

VIII. FINAL DECREE

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, 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.

IX. OTHER PLAN PROVISIONS

The Debtor, as disclosed at Exhibit 5.1, intends to assume the building lease where the Miami Tees' operations are conducted. The Debtor and the Landlord have agreed to enter into Stipulation Regarding Landlord In Debtor's Chapter 11 Plan Of Reorganization that sets forth specific treatment regarding Landlord's Proof of Claim #14. The following is excerpted:

Debtor, MIAMI TEES, INC. (the "Debtor"), and Creditor / Landlord, THE REALTY ASSOCIATES FUND X, LP, AS S/I/I TO LUCKY'S ARCADE, INC. (the "Landlord"), by and through their respective undersigned counsel or authorized agent, stipulate as follows:

1. The Debtor's Plan of Reorganization dated October 31, 2016, incorporates the following terms and stipulations, as to Claim 13 of the Landlord.

2. The Claim shall be incorporated into the General Unsecured Claims, is impaired and entitled to vote in Class 2.

3. The Landlord's claim is valid, but subject to the agreement with respect to the assumption of the Lease by the Debtor pursuant to the Agreed Order on Landlord's Motion for Relief from the Automatic Stay [D.E. 35] and the Debtor's Motion for Entry of Order Approving Assumption of Unexpired Real Property Lease [D.E. 62] (the "Assumption Order").

4. The Landlord shall not participate in Class 2 or receive any distributions on its Claim under such Class along with the other General Unsecured Creditors, unless and until the Debtor rejects the Lease. Rather, the Landlord will be paid according to the Assumption Order under the provisions set forth therein.

5. Upon uncured default by the Debtor pursuant to the terms of the Assumption Order,

Landlord shall from the month after the Lease is deemed rejected participate pro rata in the payment of the General Unsecured Claims in Class 2, such pro rata amount to be based upon the amount of Landlord's Claim 13 remaining at the time of the rejection and without Debtor recouping any portion of prior payments made to the Creditors in Class 2.

6. Landlord approves Debtor's Plan upon the stipulations contained herein, and Landlord agrees to cast a ballot as a General Unsecured Creditor in Class 2.

7. Counsel for the Debtor shall be responsible for serving this Stipulation, making adequate disclosure of its terms in the Debtor's Disclosure Statement and seeking Court approval of this Stipulation.

X. CONCLUSION

The Debtor put forth its Disclosure Statement and proposes its Plan of Reorganization and recommends the Plan's confirmation. All creditors will receive payment of their claims to the greatest extent allowable under the Bankruptcy Code, and the expense of administering an Estate under Chapter 7 will be avoided. The Debtor affirm their belief that administration of this Estate as provided herein will ultimately guarantee each creditor the maximum payment available on its claims.

B25B (Official Form 25B) (12/08) – Cont.

Plan Proponent

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B25B (Official Form 25B) (12/08) – Cont.

EXHIBITS